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ABSTRACT

Romania's adoption of a more gradual approach in restructuring and privatizing the state-owned sector has resulted in industry with an unchanged structure that remains the main cause of social and economic decline. Employment has shown a steady decline. Industrial employment has decreased dramatically. Sectors like transport, hotels, and restaurants have faced a lower decline, but agriculture, health, education, public administration, trade, and finance have had a positive evolution. High levels of income tax and social contributions have motivated development of a "black labor market." Despite relatively low unemployment rates, the labor market has not provided sufficient job opportunities, especially for new entrants. Partial explanations are the unpredictable evolution of the economy, inexperience of vocational education and training units in monitoring local labor market development, and limited cooperation with employers and labor market institutions. Almost two-thirds of unemployment is concentrated in urban areas. Key obstacles to employment are skills mismatch, inadequate training and retraining programs, low mobility of the labor force, and information shortages regarding vacancies. No legislation and no coherent policy on continuing vocational education or job creation exist. (Appendixes include tables; organization of education and training provision; and unemployment regulations. Contains 28 references.) (YLB)

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ED 438 459

Background study on employment and labour market in Romania

by
Adrian Ciobanu
and
Speranta Parciog

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Bucharest
August 1999

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The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States, Mongolia and the Mediterranean partner countries and territories. The Foundation also provides technical assistance to the European Commission for the Tempus Programme.

Foreword

This study is part of the preparation process for the accession of Romania to the European Union. The study gives a factual description to allow an evaluation of the readiness of the country to participate in the Single Market with respect to the labour market and employment policies, and also identifies key issues in this area to be addressed in the pre-accession process. The study provides a background for the employment reviews prepared by Directorate General V of the European Commission and has been written under the supervision of DG V and the European Training Foundation. The funding has been provided by the European Commission through the TAIEX office.

The study has been written in accordance with the Terms of Reference of DG V and the European Training Foundation, and an outline and guidelines provided by the EU advisers: Susanne Oxenstierna, Stockholm University, and, especially for Chapter 6, Japp de Koning, Netherlands Economic Institute. The drafts of the report were discussed at three workshops during spring 1999 in which the national experts from the Central and East European Countries writing the corresponding background studies for their countries participated. Final editing was done by Ms Oxenstierna, and Mr Timothy Chamberlain of Chamberlain Language Services, Stockholm.

We would like to thank the various experts, researchers, and administrators who provided manifold useful comments and corrections and who helped us in collecting both data and ideas. We would like to mention in particular the support received from Mr. Razvan Cirica and Mrs. Ciutacu of the Ministry of Labour and Social Protection, Mrs. Gabriela Platon from the National Agency for Employment and Vocational Training, Mrs. Madeleine Serban from the Ministry of National Education and Mrs. Filofteia Panduru from the National Commission for Statistics.

Bucharest, July 1999

Adrian Ciobanu
National Expert
Team Leader

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Executive summary

Since 1989, the Romanian economy presents one of the less outstanding performances among the Eastern European countries involved in the difficult transition from a centrally planned to a market-oriented economy. Romania has adopted a more gradual approach in restructuring and privatizing the state-owned sector than other former communist countries; the result has been that the structure of Romanian industry has not changed significantly and has remained the main cause of social and economic decline. In general, the macro-economic evolution has been an oscillating one: periods of increased Gross Domestic Product (GDP) have alternated with periods of significantly lower GDP. In 1998, the GDP represented less than 80% of the 1989 level, mainly due to the dramatic decline in the industrial output. In contrast, agriculture has shown positive figures during the whole transition period compared with the 1989 base and contributes around 20% of GDP. The weight of the service sector has also increased from 1990 onwards; this sector contributes around 30% of total GDP, but has varied significantly from year to year.

Employment has shown a steady decline, especially after 1991. While the global result is a fall in employment of around 1.8 million jobs (16.7%) between 1990 and 1997, several specific tendencies have emerged. While industrial employment has decreased dramatically, other sectors like transport, hotels and restaurants have faced a lower decline. At the same time, agriculture, health, education, public administration, trade and finance have had a positive evolution. The result is that at the end of 1997, agriculture had become the sector with the highest share in total employment, while employment in services and industry are comparable, each representing around 30% of total employment. Employment in agriculture is characterized by very low incomes, comparable with unemployment benefits, and the agricultural labour force faces a process of polarization: more than 42% of the employed people working in rural areas are aged 50 years or more but, at the same time, the percentage of the youngest category (15 -24 years) is slightly higher than the national average.

Within this period, labour market developments have been significantly influenced by the lack of pressure to improve economic efficiency. This has been possible due to the fact that the state has remained the major shareholder in the economy and especially in the industrial sector, and has continued to provide direct or indirect subsidies to loss-making units. As a result, GDP has decreased much more than employment; despite a positive trend between 1993 and 1996, over the whole period labour productivity has not improved and has remained very low in industry as well as in agriculture. However, in the last two years, the government has decided to speed up the process of restructuring loss-making units. As a result, massive lay-offs have begun to take place or are being planned in sectors such as mining, metallurgy, railways and electricity production. In many cases, the lay-offs are taking place in mono- industrial areas.

Employment in the private sector represents not much more than half of total employment. What is more relevant, however, is that at the beginning of 1998 the percentage of private employment in the non-agricultural sector was less than one third. Apart from agriculture, where private employment accounted for more than 90%, private employment was predominant only in trade and hotels. Whereas employment in the private sector has steadily increased, the growth rate diminished in 1998, despite the fact that the number of state-owned companies privatized has increased. This trend was caused by the problems faced by the private sector, in general, and small and medium-sized companies in particular, due to the negative economic developments and the restrictive fiscal and

monetary policies applied by the Government in its attempt to reduce the budgetary deficit. The high levels for income tax and social contributions (covered almost in their entirety by the employers) are also seen as a motivation for the development of a "black labour market". According to some official estimates, the so-called "grey economy" represented around 19% of GDP in 1997, and unregistered employment included around 1.5 million people (which correspond to more than 15% of total employment).

Despite the fact that unemployment rates are still relatively low (the ILO unemployment rate for the population aged 15-64 was 6.5% at the end of 1997 and the registered unemployment rate was 8.8 %), there are clear indications that the Romanian labour market has not provided sufficient job opportunities, especially for new entrants. The unemployment rate for the 15–24 age bracket is almost three times as high as the average and almost half of the total number of unemployed are found in this age group. Apart from demands and restrictions expressed by employers and related especially to working experience, difficulties in the professional integration of youth are also caused by the insufficient correlation of the labour force demand, on the one hand, and the training offered by the educational system, on the other.

However, this can be partly explained by the unpredictable evolution of the Romanian economy, combined with the lack of experience of the vocational education and training units in monitoring local labour market development and the limited or even absent cooperation with employers and labour market institutions. The economic developments of recent years have led to the creation especially of low qualification jobs, and the analysis of the sub-sectors that show a positive turnover reveals that jobs have been created mainly in poorly paid activities. This pattern is the result rather of distortions caused by the transition process and cannot be taken as an indication for the future needs of the Romanian economy in the coming years. The economy has not stabilized and employment trends have been determined mainly by a lack of employment alternatives.

There has been an increase in the average duration of unemployment, the relevant value being 17.9 months for 1997; the longest duration of unemployment is observed for the groups of intermediate age. This would suggest that, in the coming period, specific training and retraining programmes have to be designed and delivered to this category of the unemployed. Also, for the whole period after 1992, the unemployment rate for women has consistently been higher than for men, but it is steadily declining and in 1997 the difference was less than 1%.

Almost two thirds of unemployment is concentrated in urban areas and the percentage is even higher if we consider only first job seekers. Also, the unemployment rate tends to be significantly higher in some industrial and geographic areas: the North–East and South–East regions and, after 1997, in areas including the coal basins in the counties of Gorj and Hunedoara. The unemployment rate is significantly higher in case of the Romany minority, and in general this ethnic group also has very low participation and employment rates compared with the national averages.

A skills mismatch and inadequate training and retraining programmes, the relatively low mobility of the labour force (partly due to the poorly functioning housing market), and information shortages concerning vacancies are key obstacles for the unemployed in gaining employment. After 1989, the development of the vocational education and training system has been inconsistent. On the one hand, there has been a significant increase in the number of Vocational and Apprentice Schools, especially in the number of professors and trainers, and on the other hand the number of students enrolled in these units has decreased, both in total numbers and as a percentage of total secondary education. In general, the vocational path has continued to be the choice of pupils who lack access to theoretical and technical high school. Until the generalization of the reform of the whole the vocational education and training system (based on the experience acquired through the implementation of a Phare pilot project), the specialization and trades that were taught in the

schools continued to be narrow. Partnerships with employers and social partners have been limited and enterprises have only occasionally been involved in the practical training of the students.

Follow-up of the job placements of young graduates is difficult because schools do not have explicit responsibilities for monitoring the situation of the students after graduation, while the local units of the Ministry of Labour and Social Protection have information only on the number of graduates benefiting from passive and active measures. However, information available via Labour Market Surveys suggests that the recent graduates of the vocational education and training units have performed relatively better on the labour market than graduates of theoretical and technical high schools. It is an indisputable fact, however, that the unemployment of graduates of various forms of initial vocational training is a phenomenon that has become chronic.

There is no legislation and no coherent policy on continuing vocational training: programmes carried out and measures taken have a reactive character, as they are adopted in periods of crisis or only in the case of vulnerable categories of the population. The system lacks evaluation and accreditation criteria for trainers and, in general, the existing institutional structures are not adapted to the real needs of an economy undergoing a process of transformation.

After 1992, practically no coherent plans and actions have been considered for job creation within the general policy designed and implemented by the Government. The budget allocated for financing active measures has been very low, the largest part of the unemployment fund being allocated to the payment of unemployment benefits, unemployment allowances or severance payments applied in the case of mass lay-offs. Despite positive evolution in the last few years, information, mediation and placement services are still poor. Set up within local units of the Ministry of Labour and Social Protection (before 1999), no clear and distinct resources have been allocated for this type of activity.

The financial resources used for organizing training for the unemployed have been extremely limited and the results rather modest, with between 2% and at most 4% of the total unemployed being involved in training and retraining programmes each year. On the other hand, the high level of payroll taxation and lack of incentives for new investments do not support the development of the private sector and employment growth. In general, there is no clear co-operation between all the central institutions whose policies and actions have an impact on employment and the labour market

Recently, major changes have occurred in the institutional framework: new institutions were established in mid-1998 or at the beginning of 1999, at a time when the pressure on the labour market is significantly increasing. The professionalism of the staff and co-operation between these institutions will be crucial in ensuring the design and implementation of efficient and effective labour market policies.

Finally, from the demographic point of view, we should point out that as a result of demographic changes in the past (a fall in the birth rate), the Romanian labour market is favoured in the immediate future by a situation of potential demographic equilibrium between entries and exists. Certainly, in practice, this potential equilibrium will be significantly influenced by restructuring measures implemented in industrial sectors and by the necessity of transforming agriculture from a subsistence to a competitive sector.

1. Introduction

1.1 The objectives of the study

The objective of this study is to provide a background analysis of the current situation, in terms of employment situation, employment policy institutions and employment policy delivery mechanisms in Romania. This analysis was prepared for the European Commission Directorate General V (employment, industrial relations and social affairs), which is instigating a process of employment reviews in the candidate countries. At the same time the study has tried to provide a basis for identifying possible areas of action for the implementation of ESF-type activities. It has been written under the supervision of DG V and the European Training Foundation.

1.2 Methodology

The study is based mainly on official information published periodically by the National Commission for Statistics and the Ministry of Labour and Social Protection. Other sources of information have also been used, including materials and analyses prepared by OECD and the World Bank, and by other local and international institutions and experts. In addition, meetings and discussions were organised with experts from the National Commission for Statistics, the Ministry of Labour, the Ministry of Education, the National Agency for Employment, the World Bank Mission in Romania, and the Romanian Observatory.

The experts involved in the preparation of the study are Mrs. Speranta Parciog and Mr. Adrian Ciobanu. Both authors have participated in preparing several studies on the Romanian labour market and training system. Chapter 6 was prepared by Cezar Barzea and Mihaela Jigau from the Romanian Observatory. The general preparation and co-ordination of the study has been done by Adrian Ciobanu.

2. Labour Market Situation in Romania

2.1 *General trends*

At the end of 1997, the economic situation of Romania was defined by the following indicators: a significant decline in GDP as compared to the 1989 level (the last year of the communist regime), a loss of around 1.8 million jobs as compared to 1990, and a registered rate of unemployment of 8.9%. And this in the context of an economic restructuring and privatisation process that was far from being finalised. At that time, the greater part of Romania's active labour force in industry, which even facing a very sharp decrease continues to be the main contributor to GDP, was still employed by the state-owned sector.

Obviously, the particular difficulties encountered by the Romanian economy are the result of the social, economic and politic environment of the 1970s and 1980s. During that period, the economic policies implemented by the communist regime resulted in the creation of a large, overdeveloped sector of heavy industry within the framework of a centrally planned economy. The steady decline of exports and the efforts made to pay external debts severely limited imports from Western countries and, as a predictable consequence, led to a low technological level in the Romanian economy. In contrast to other socialist countries, Romania did not embark on any reforms aimed to improve economic efficiency through decentralisation and deregulation, despite the major difficulties faced during the 1980s.

After 1989, major efforts were directed towards macrostabilisation, the liberalisation of the economy and privatisation. However, the structure of Romanian industry did not change significantly and remained the main cause of the social and economic decline. This was mainly due to the inherited heavy industry, which is dependent on the import of raw materials and energy and characterised by reduced efficiency and competitiveness. The state continued, directly or indirectly, to subsidise the "industrial giants", which remained under state control. Starting in 1997, this process was partially stopped, for both state-owned companies and "regies autonomes"[1].

The industrial restructuring process and decline of the state-owned sector have been slower than in other countries in Central and Eastern Europe. However, in 1996, the private sector started to contribute more than half of the GDP created. The private sector has a much higher share in agriculture (almost 90% at the end of 1997), construction (75.9%) and retail trade. In contrast, industry has a much lower degree of privatisation, mainly due to majority state-owned companies in sectors like metallurgy, machinery and equipment, chemicals and artificial fibres.

1 The "regies autonomes" are economic entities owned and directly administered by the state. Unlike state-owned companies supposed to be gradually privatised by different methods (this process started to be implemented in 1991), the "regies autonomes" are supposed to remain state-owned. By law, the regies are entitled to receive state subsidies directly from the national budget.

Table 2.1 Economic development in Romania 1990-1997

	1989	1990	1991	1992	1993	1994	1995	1996	1997
GDP (1989=100)	100	94.4	82.2	75	76.1	79.1	84.7	88.0	82.1
Annual growth rate of GDP (%)	-5.8	-5.6	-12.9	-8.8	1.5	3.9	7.1	3.9	-6.9
Yearly inflation rate (%)	1.1	5.1	170.2	210.4	256.1	136.7	32.3	38.8	151.4
Yearly growth of the real average net wage (%)	–	4.5	-18.4	-13.0	-16.7	0.4	12.5	9.4	-22.7
Labour productivity per employee in industry, yearly changes (%)	–	–	-15	-13	9	15	14	11	-2
Employment, labour force balance, yearly changes (%)	–	–	- 0.5	-3.0	-3.78	-0.5	-5.17	-1.2	-3.8
Unemployment rate (LFS, 15-64 years), %	–	–	–	–	–	8.8[1]	8.6[1]	7.3[2]	6.5[2]
GDP per capita lei, current prices	–	36 966	95 057	264 565	880 487	2 189 697	3 180 444	4 794 441	11 077 398
GDP per capita, - dollars at purchasing power parity	–	3 414	–	–	3 643	3 790	4 070	4 244	3 975

Source: 1998 UNDP Report on Human Development (for GDP and inflation), Labour Force Survey (LFS) and own calculation based on data provided by the National Commission for Statistics (for the other indicators). In order to calculate the population employed in agriculture, LFS methodology takes into account only persons that worked at least 15 hours during the reference period (week prior to the interview).

[1] First age group considered from 14-24 years; values for March 94, March 95; [2] Annual average values

Another significant presence of the state in the economy is represented by the "regies autonomes" - legal entities completely owned by the state and created to cover so-called "strategic sectors" like oil extraction, energy production, transportation and distribution, railways and telecommunications. 800 national and local "regies autonomes" were registered in 1996. A complex process of transformation and privatisation of these economic structures has been under implementation since 1996 (further accelerated since the end of 1997).

The state budget deficit increased in the 1990 - 1998 period, consistently reaching levels of more than 4% of GDP. In the last two years, the growing deficits caused by the reduction in the tax base due to the contraction of the real economy and by the persistent lack of financial discipline on the part of companies and regies autonomes, have forced the government to maintain and even to increase the level of taxation, which was already high. Even from this point of view, the evolution has been full of contradictions, legislation changing several times and inconsistently. In January 1998, salary taxation decreased (mainly in the case of high salaries, for which the tax rate was reduced from 60% to 45%) and in March of the same year VAT increased from 18% to 22%. Several fiscal incentives were granted to local and international investors in 1998 and cancelled in 1999.

Where social public expenditure is concerned, Romania, at 14.4% of GDP in 1989, was below the average for former communist countries. During transition, the highest level of social public expenditure was registered in 1991. However, due to the rapid decrease, in real terms, of the GDP, the social public expenditure was in fact under the 1989 level.

Structural changes

An analysis of contributions to GDP during the seven years of transition highlights an important point: the capacity of agriculture to absorb social and economic tensions during a period of major economic decline. In contrast to industry and other major sectors of GDP, agriculture has shown, in general, positive figures during the whole transition period as compared with the 1989 base (see Table A.2 in annex). It should be noted that these results have been achieved despite the enormous transformations taking place: the overall decollectivisation of agriculture and the re-establishment of small and medium-sized private farmers. These farmers are the owners of a maximum of 10 hectares each, which they cultivate with extremely modest technical means. In general, they have been able to earn only small incomes from sales of their production on the local market. As for the population's food supply, agriculture has been especially important in ensuring the livelihood and subsistence of the rural population, which represents more than one third of the workforce and unfortunately is the social group with the highest proportion of those living in poverty.

Table 2.2 Weight in the GDP of gross added value (%)

	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	21.8	18.8	19.1	21.0	19.9	19.8	19.1	18.8
Industry and construction	45.9	42.2	43.1	39.0	42.7	39.4	41.1	41.0
Services	26.5	34.8	40.6	36.9	33.7	36.1	35.3	33.9

Source: 1998 UNDP Report on Human Development

The contribution of services to the creation of GDP has increased from 1990 onwards. The weight of this sector in total GDP has become higher than 30% but has varied significantly from one year to another (Table 2.2).

The industrial sector registered a dramatic decline between 1990 and 1992 but showed a significant recovery after 1993. However, the growth in the industrial output registered between 1993 and 1996 was concentrated mainly in energy-intensive areas, reducing the quality of the development. As already mentioned, this industrial growth was largely facilitated by direct and non-direct subsidies provided by the authorities, and without the implementation of necessary structural changes in the industry. As a result, the economic development process proved to be unsustainable and in 1997 Romanian industry (and the whole economy) entered a new negative phase, which continued also during 1998 (Table 2.3)

Obviously, the economic evolution has had a strong impact at the labour market level. A more detailed analysis will be presented in the following chapters; at this stage we would like to make only few comments.

Table 2.3 Indices of gross added value, yearly changes (%)

	1990	1991	1992	1993	1994	1995	1996
Agriculture	37.2	-12.3	-12.9	13.6	2.9	4.7	-4.2
Industry (including construction)	-14.8	-13.6	-12.3	3.6	6.6	5.8	5.9
Services	0.3	-7.6	1.6	-2.3	2.2	8.2	5.4

Source: Own calculation based on data published by the National Commission for Statistics

Agriculture

Figures provided by the Labour Force Surveys show that, in absolute figures, agricultural employment remained practically constant between 1994 and 1997, but at the end of this period agriculture became the sector with the highest share in total employment (see Chapter 3, Tables 3.3 and 3.4). Over the same period, total agricultural production increased, but with significant variations from one year to another, mainly due to different agri-meteorological conditions and to the impact of different actions taken by the Government in relation to this sector (the agricultural sector was also receiving subsidies, mainly through loans with low interest rate provided by state-owned banks). The available statistical information does not allow any analysis of changes in labour productivity in this sector.

Industry

Employment in industry and construction decreased permanently, even during the periods when industrial output increased. Even yearly growth over 6% did not result in job creation. As a result, labour productivity increased between 1993 and 1996; this evolution stopped in 1997, when the fall in employment was smaller than the reduction in total industrial production (see Tables 3.3, 3.4 and A2).

2.2 *Wage structure, social security and taxes*

Wage structure

Before 1989, wage differentiation was low. In 1989, the wages of over 70% of the employees had differentials of less than 1:2.[2] The differentiation of wages on the basis of professional skills was also low; for example, highly qualified people earned only about 14% more than workers. A priority or "relative importance" criterion was used in order to differentiate wages between sectors. Still, wage variation between industries was insignificant. Wages were lowest in agriculture and highest in construction.

2 Wages were mainly determined according to a scheme which set basic wages and allowances and also to keep up with enterprise achievements. A common scale of 41 steps (from 2000 lei to a maximum 7100 lei monthly) was used. Wages were linked to output targets. In the case of failure to achieve output targets, a reduction in wages of no more than 30% for highly qualified employees and 50% for workers was possible.

After 1989, legislation was modified to reduce the working week from 48 hours to 40 hours.[3] The "directive plan" was eliminated and wage payments were adjusted in accordance with new, lower norms as compared to 1989 levels, so that a higher wage could be paid for the same or even lower levels of output.

Price liberalisation and collective bargaining led to an increase in cost-push inflation, so that the real purchasing power of the population deteriorated. Initially, as compared with other Eastern European countries, real wages decreased more slowly in Romania. Thus, in the second quarter of 1991, the net average real wage represented 83.1% of the 1989 wage, while the ratio between minimum and average wages during the same period was high (0.69). Starting in 1992, a much more rapid erosion of real personal income took place, the most dramatic period of real decrease for all incomes being 1993–94. The slow increase registered in 1995 and especially 1996 stopped in 1997, when real incomes were even below 1994 levels. For the whole period, the fall in real wages was much more significant than the fall in GDP.

Table 2.4 Average earnings 1990-1997

		1990	1991	1992	1993	1994	1995	1996	1997
Average net	**Lei**	3 381	7 460	20 140	59 717	141 951	211 373	321 169	632 086
salary	**US$**		97.6	65.4	78.6	85.8	103.9	104.2	901
Real average net salary, indexed (1989=100)		104.5	84.9	74.1	61.6	61.7	69.1	75.5	59.8
Monthly net salary, as % of average net salary, in:									
■ public sector		100	103	103	103.6	103.6	105	106	-
■ private sector		85	84	93	91.4	93	87.5	87.7	-
■ companies		-	-	-	-	95.6	96.4	98.4	-
■ regies autonomes		-	-	-	-	134	134	136	-
■ state founded institutions		-	-	-	-	93	88	81	-
Minimum salary, lei		2 000	5 635	10 271	33 227	53 974	75 000	97 000	250 000
Real minimum salary, indexed (1989=100)		95.1	80.7	52.5	36.2	33.4	33.8	35.5	26.5

Source: Calculated based on data published by 1998 UNDP Report on Human Development
1 Estimation, not final data

The slow restructuring of some sectors and monopolistic position of regie autonomes resulted in an increase of salary differentiation that is not based on productivity criteria. As can be observed from the previous table, the average net salaries of employees of the regie autonomes are around 40% higher than those of employees of private or state-owned companies. The Romanian legislation allows the state to cover the losses registered by the regies, and this has often happened in the past. As a result, salary increases in these units has been possible even if production has decreased or the economic activity was not profitable.

3 It should be noted that before 1990 it was common for large categories of employees to work overtime, even during holidays, in order to achieve the production task imposed by the central planning.

Earnings differentials between different sectors of the economy have also increased. The statistical information published by the National Commission for Statistics shows that the employees of the banking system have registered the fastest growth in net nominal salaries earned, even though this sector has continued to be dominated by state-owned banks. In 1997, the average monthly salary in this sector was more than three times higher than that in agriculture. Salaries are below the average value for the economy in the trade sector, public administration, health, education and in some "light" industries (see Tables A.3 and A.4).

Significant growth has occurred also in sectors where state ownership is predominant, despite the fact that companies have faced serious difficulties (metallurgy, chemistry). In other sectors, like mining, oil, gas and energy, salaries initially increased and then started to fall (in relative terms) after 1994. In these sectors the main employers are the "regie autonomes", and the Government imposed more restrictive salary policies in 1997. However, the situation of these units has been particularly critical; at the end of 1996, 13 regies registered total losses of 1.6% of GDP.

Table 2.5 Average salary in private sector, percentage of respective public sector, 1996

	Wages for public sector = 100
Activity sector	
■ Agriculture	96
■ Extraction industry	52
■ Processing industry	84
■ Electric and thermal energy, gas and water	66
■ Construction	99
■ Trade and tourism	78
■ Transport, communications	87
■ Financial activities	82
■ Real estate	132
■ Education	77
■ Health and social assistance	80
■ Social services	88
Main professional categories in manufacturing	
■ University graduates	94
■ Technical personnel	102
■ Workers:	
• Tool machine operators	89
• Other qualified workers	83
• Workers with no qualification	87

Source: Economical study for Romania – OECD, 1998.
Note: Values over 100 represent extra wage for the private sector

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Salary differentiation is increasing, especially in private companies. The level of education is a major criterion, but increasingly other aspects are also considered by employers. In general, salaries are lower in the private sector. The difference is higher in the case of staff with a low level of education, so that salaries for blue-collar workers in state-owned manufacturing companies are 15% higher than those in the private sector (Table 2.5).

An analysis of data presented in Table A.3 and Table A.4, correlated with information on sectors having a positive turnover over the whole period (data presented in Table A.15), also shows that, for the sub-sectors that created jobs, the relative salary increases were below average.

These two points revealed by the statistics are somewhat unexpected and several explanations may be attempted. The first is that these sub-sectors have a low weight of high education employment (this being mainly the case for wood processing, the clothing sector and wholesale and retail trade). Another possible explanation consists in the fact that members of the labour force with similar or even better qualifications became redundant in other sectors and, in total, the supply exceeded the demand. Thirdly, jobs have been created mainly in completely private small and medium-sized companies, in which trade unions either do not exist or have limited bargaining power. Finally, we would like to point out that Romania does not apply a tax system based on the overall income of individuals (the introduction of such a system is planned for the beginning of the year 2000), and data on incomes and salaries are collected through a survey, with certain biases within the data quality and time of registration.

Gender wage gap

Women have lower salaries than men. This is mainly a result of the fact that sectors with high rates of female employment have salaries below the national average (for example, education and health and social assistance sectors).

Table 2.6 Average gross salary 1994-1997 (October) lei and %

Average gross salary in October	1994	1995	1996	1997
■ Women	178 938	270 544	415 325	853 832
■ Men	227 648	342 399	546 315	1 120 712
Female wage as % of male wage	78	79	76	76

Source: 1998 UNDP Report on Human Development

Social security

The number of retired people is increasing, both in absolute terms and in comparison with the active work force. In 1997 the number of retired people benefiting from the social insurance scheme exceeded the number of employed persons.[4] This is a joint result of the early retirement phenomena encouraged by the state at the beginning of the transition process in order to absorb part of the potential unemployment, and of the dramatic fall in the numbers of the employed.

4 In absolute terms by 400 000.

Table 2.7 Dynamics of different social incomes and transfers (1989 = 100)

	1990	1991	1992	1993	1994	1995	1996	1997
Social insurance pensions (excluding farmers)	107.3	83.2	70	60.8	58.2	63.1	65.5	51.6
Average level of pensions - % of average net wage	47.4	45	43.5	45.3	43.2	41.7	39.4	40.0
Social insurance pensions for farmers	180.7	74.4	40.2	48	64.2	65.2	74.2	77.4
Pensions for receivers of social insurance	114.5	94.7	88.8	71.9	68.4	73.6	76	60.4
War invalids, orphan and widow pensioners, % (1989=100)	117.1	128.9	107.8	89.2	83.4	91.3	96.1	84.7
Unemployment benefits	– –	100	60	47.3	60.7	57.6	61.8	63,5
Aid subsidies *	– –	– –	100	67.3	60.1	87.6	81.1	61.4
Social benefits *, **	– –	– –	– –	– –	– –	100	81.5	52.1
Minimum net salary	95.1	80.7	52.5	36.2	33.4	33.8	35.5	26.5
Medium net salary	104.5	84.9	74.1	61.6	61.7	69.1	75.5	59.8

*Source: 1998 UNDP Report on Human Development. * In 1991, 1992 and 1995 costs of social benefits*
*** Social benefits for single people*

The pensions scheme inherited from the previous regime included the retirement pension (so-called *social insurance pension*), and pensions in cases of redundancy and incapacity for work. Assistance was also given to orphans, veterans and war widows, and there was a social benefit pension granted to all those of retirement age who did not have the right to the social insurance pension. In general, the system proved to be quite well structured and offered effective protection to the respective groups. The only exception was retired peasants, whose level of social insurance pensions was very low long before 1989. The pensions in this category are still extremely low. In 1997, the average monthly pension for peasants represented only 26% of the social age pension for the other categories and 55% of the average social benefit pension. In the same year, the social insurance pension represented around 40% of the average net nominal salary (Table 2.7).

Taxation

Social insurance contributions have been increasing since the beginning of 1999. Social, health and unemployment contributions are covered mainly by the employer. The total social contribution paid by the employer can be up to 50% of the company wage fund, while the employee's contribution represents a maximum 13% of gross salary (Table 2.8). Taxes are to be withheld by the employer and transferred to the respective state funds.

Table 2.8 Contributions to social insurance paid by employees and employers

		Paid by Employer	Paid by Employee
State social insurance	■ old age pension ■ invalidity ■ survivor allowance ■ illness and maternity allowance ■ death allowance	An average of 35% of the wage fund (between 30% and 40% depending on working groups)	-
Insurance of supplementary pension	■ supplementary pension	-	5% of monthly gross salary*
Social insurance (health)	■ ambulatory medical services ■ medical assistance ■ dental assistance ■ preventive medical assistance ■ medicines, sanitary materials, prostheses, etc.	7% of the wage fund	7% of gross salary, out of it was deducted the tax
Social insurance (unemployment)	■ unemployment benefit ■ support allowance ■ qualification and improvement courses	5% of wage fund	1% of monthly salary
Total contribution		Between 42% and 52% of the wage fund	13% of gross income before tax

**Gross salary (before tax) as % of company cost: between 64% and 60%.*

If a person is paid a net monthly wage of 100 US$, which is a value close to the average monthly salary at the beginning of 1999, the total labour cost for the company is 185 US$. This means that the average tax burden on labour is around 46%.[5]

The taxation of gross monthly wages changed several times between 1990 and 1997. The major changes consist of the reduction in the number of tax brackets and the cut in the tax rate for the highest bracket from 60% to 45% in 1997. In addition, the Government modified the tax brackets periodically in order to limit the impact of inflation; however, due to the fact that these changes do not equal inflation, the final result is that taxation in practice is permanently increasing.

5 In order to reduce labour costs, in many cases employers prefer to conclude "civil contracts" instead of "labour contracts", at least for some of the employees, even if this does not fully comply with the law (more information on the difference between these two types of contracts is provided in Chapter 7.2). The number of "civil contracts" increased from 390 373 (May 1996) to 1 412 152 (end December 1997). The increase in the number of short-term contract jobs, or part-time jobs, will lead in the future to a situation where a rapidly growing section of the actual work force will not benefit from proper social insurance.

2.3 *Key issues*

Labour market developments have been influenced by the *lack of pressure to improve economic efficiency*. This lack has been due to the fact that the state has remained the main shareholder of industry. Direct and indirect subsidies have continued to be provided. However, though employment has decreased, the changes have been more gradual than in other countries in transition. In the first few years, the GDP decreased much more than employment. The general result was a *significant fall in productivity*. This trend was reversed during 1993 and 1996, but the positive development stopped in 1997.

The negative evolution of the economy registered in 1997, as well as increased difficulties in collecting state income and keeping the budget deficit within the limits agreed with the International Monetary Fund and the World Bank, led the government to decide to speed up the restructuring process for loss-making units. As a result, starting at the end of 1997, *massive lay-offs took* place, especially in the mining sector. Similar reductions of personnel are planned for 1999 in sectors such as mining, metallurgy and the railways. In many cases the lay-offs are located in small and mono-industrial areas.

The agricultural sector has played a very important role during transition. *Employment in agriculture has increased* and this sector now has the highest share of total employment. Productivity in this sector is very low and the majority of people working in agriculture have very low incomes. The agricultural production of small farms is consumed mainly on the farm.

Despite the fact that unemployment rates in Romania are still relatively low, there are clear indications that the Romanian labour market has *failed to provide sufficient job opportunities*, especially for new entrants. Jobs have been created mainly in poorly paid activities, including agriculture. In the service sector, whose share in total employment has increased over the whole period, jobs have been created mainly in trade.

3. Employment

3.1 General changes in employment

During the communist regime, a system of guaranteed employment and wages as well as the policy of industrialisation led to high employment rates. In 1989, about 87% of working age men and 81% of working age women were employed. The structure of employment was centrally planned, in line with general economic development plans. Inter-industry labour force mobility was determined mainly by production targets.

After 1990, the employment rates have fallen but continue to be relatively high compared with the average values for the 15 members of the European Union. During the period 1994-1997, the employment rates of the working age population (15–64 years of age) increased slightly. This development was quite similar for all age sub-groups, and for both males and females (Table 3.1).

Table 3.1 Employment rates by age groups and gender (employment / population) %

Age	1992[1]			1994[2]			1995[2]		
group	Total	Males	Females	Total	Males	Females	Total	Males	Females
15-24	46.2	50.8	41.4	37.7	44.3	31.0	39.1	45.1	32.9
25-49	83.8	90.6	76.9	80.8	87.5	74.4	81.5	88.2	74.9
50-64	40.1	48.7	32.1	56.8	64.4	50.0	59.2	65.5	53.5
15-64	62.5	69.4	55.7	63.6	70.3	57.1	64.9	71.2	58.6
65+	5.5	5.6	5.5	31.1	35.6	27.8	36.4	41.8	32.5
Age	**1996[3]**			**1997[3]**			**1998[4]**		
group	Total	Males	Females	Total	Males	Females	Total	Males	Females
15-24	39.9	46.4	33.0	39.6	45.6	33.4	40.3	45.4	34.9
25-49	81.7	88.5	74.9	81.8	88.5	75.2	81.9	87.7	76.0
50-64	57.0	65.7	49.1	58.6	67.1	51.0	60.2	67.4	53.9
15-64	65.5	72.6	58.4	65.9	72.8	59.2	66.7	72.6	60.9
65+	32.5	38.4	28.2	33.7	39.6	29.6	38.8	43.8	35.2

Source: Calculated based on data provided by Labour Force Survey. Agricultural employment includes persons working at least 15 hours in the week before the interview.

[1] According to yearly census (January 1992); definition for agricultural employment is different compared with Labour Force Survey

[2] First age group considered from 14-24 years. Data for March 94, March 95;

[3] Annual average values;

[4] Third quarter.

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It can also be observed that the population aged over 65 years also has a high employment rate. If we enlarge the analysis by considering the data provided by the 1992 census, we can observe, on the one hand, that the employment rate for the youngest sub-group (15–24) decreased significantly between 1992 and 1994 and, on the other hand, that the opposite is true for the oldest sub-groups.[6] A more detailed presentation of employment rates by age sub-groups is presented in the annex (Tables A5 and A6). From these tables it is obvious that there is almost complete presence in the labour market for men in the 30–49 age group and that employment rates are higher in rural areas for almost all age sub-groups. In the youngest groups, employment rates in rural areas are twice or even three times as high as urban rates.

3.2 *Structural changes in employment*

The fall in employment in Romania is the result of a general crisis rather than a consequence of the economic restructuring phenomena, being indeed closely connected with and determined by economic and political trends, such as the pace of privatisation and reform, economic policy and sectoral development strategies. Before analysing the figures, we want to emphasise again the fact that statistics using ILO definitions are available only since 1994 (and with some differences in the methodology between 1994 and 1996).[7]

Table 3.2 Employment by major sectors according to Labour Force Balances 1990-1997, thousands and %

	1990	1991	1992	1993	1994	1995	1996	1997
Total employment, thousands	10 840	10 786	10458	10 062	10 011	9 493	9 379	9 023
Share of total, %:								
■ Agriculture	29	29.7	32.9	36	36.4	34.4	35.4	37.5
■ Industry	43.5	40	37.1	35.8	34.4	33.6	34.3	32
■ Services	27.5	30.3	30	28.2	29.2	32	30.3	30.5

Source: National Commission for Statistics, Labour Force Balance

6 However, the data comparison is not completely accurate especially with regard to the employment rate of the older sub-groups. The two sources use different definitions, the major difference being in the case of agricultural employment. The Census definition underestimates employment in agriculture in comparison with Labour Force Surveys and this certainly results in a low employment rate for persons over 50 yearsof age.

7 So, when presenting the evolution of employment since 1990, we have to use data collected by the National Commission for Statistics and included in the so-called Labour Force Balance. There are significant differences between Labour Force Survey data and time series data calculated by the National Commission for Statistics based on the Labour Force Balance and published in the Romanian Statistical Yearbook, mainly due to different definitions used (for further explanations, see also Chapter 11). For example, in 1996, according to the Labour Force Survey, the employed population was consistently over 10 million. For the second and third quarter, employment even exceeded 11 million (see data in Table A 8).

According to the Labour Force Balance (see Table 3.2), a decrease in employment was registered over the whole period, in accelerated form during 1991–93 (and also after 1997). If a fall in employment of around 1.8 million jobs is the overall result (or a reduction of 16.7% between 1997 and 1990), several tendencies have appeared, particularly a dramatic reduction of employment in the industrial sector. Similar and comparable negative developments have been recorded in construction, transport, *hotels and restaurants. The* sectors presenting overall positive trends are agriculture, health, education, public administration, trade, and finance and insurance. The result of these changes has been an increase in the proportion of the population employed in agriculture and a decrease of the working population in construction and especially in industry. The service sector has exhibited a small increase during this period as well.

According to the LFS data (Table 3.3), no major structural change took place between 1994 and 1997.

Table 3.3 Structural changes in LFS employment in age group 15-64 thousands and %

	1992[1]	1994[2]	1995[2]	1996[3]	1997[3]	1998
Total employment	9 454	10 044	10 174	10 039	10 099	10 227
Empl. in agriculture	2 209	3 414	3 546	3 281	3 385	3 744
empl. agriculture/ total empl. (%)	23.4	34.0	34.9	32.7	33.5	36.6
fem. empl. agr. / total empl. agr (%)	52.1	51.8	52.6	50.4	50.5	50.5
Empl. in industry	4 450	3 575	3 444	3 438	3 365	3 173
empl. in industry / total empl. (%)	47.1	35.6	33.9	34.2	33.3	31.0
fem. empl. ind. / total empl. ind (%)	37.8	37.1	36.1	36.6	36.1	36.8
Empl. in services	2 795	3 055	3 184	3 320	3 349	3 310
empl. in services / total empl. (%)	29.6	30.4	31.3	33.1	33.2	32.4
fem. empl. in serv. / total empl. serv (%)	49.8	48.7	47.2	47.6	48.7	49.2

Source: Calculated based on data provided by Labour Force Survey. Agricultural employment includes persons working at least 15 hours in the week before the interview.
[1] According to yearly census (January 1992) with different definition for agricultural employment compared with Labour Force Survey
[2] First age group considered from 14-24 years . Data for March 94, March 95;
[3] Annual average values.

If we consider the 15–64 age bracket, the share of agricultural employment is almost equal to industrial employment and employment in services, each sector having a share of 1/3 of total employment. Women represent around half of employment in services and agriculture, but only a little more than 1/3 of industrial employment (see Table 3.3). However, if we analyse employment over 15 years, agricultural employment is even higher, representing around 40% of total employment and with small variations from one year to another (see Table A.9). This value is significantly higher than the values registered for any other economy in transition and more than 10 times higher than the EU average.

Table 3.4 Employment rates by sector 1994-1998

	1994[1]			1995[1]			1996[2]		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
Agriculture	21.6	21.2	22.0	22.6	21.5	23.7	21.4	21.3	21.5
Industry	22.6	28.9	16.5	22.0	28.2	15.8	22.4	28.6	16.4
Services	19.3	20.2	18.5	20.3	21.5	19.1	21.7	22.9	20.6
Non-employed	36.4	29.7	42.9	35.1	28.7	41.4	34.5	27.3	41.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

	1997[2]			1998[3]		
	Total	Males	Females	Total	Males	Females
Agriculture	22.1	22.0	22.2	24.4	24.3	24.5
Industry	22.0	28.3	15.8	20.7	26.3	15.2
Services	21.9	22.6	21.2	21.6	22.1	21.2
Non-employed	34.0	27.1	40.8	33.2	27.3	39.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: Labour Force Survey. Agricultural employment includes persons working at least 15 hours l in the week before the interview.
[1] First age group considered from 14-24 years (March 94, March 95);
[2] Annual average values;
[3] Third quarter.

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Occupations

Major changes in the structure of the working population by professional status are revealed in a significant increase in the number of self-employed and non-salaried family workers, who represent around 20% of total employment. The largest number of these is concentrated in agriculture; less than 2% of the self-employed are in the field of manufacturing and around 3% in trade. The individual farmers have very low incomes and very few of them contribute to the social insurance system. Employers represent less than 1.2% of total employment and are concentrated mainly in trade and manufacturing (see Table A10).

Educational attainment

The educational level of employed Romanians is relatively high. According to the statistics for the second quarter of 1998, only one third had completed just compulsory education or less, a similar proportion had a diploma from a technical or theoretical high school (including those graduating from just the first level of high school), while 8.3% had a university degree (Table 3.5 and Table A.11). Interesting points are revealed by a comparative analysis of the employment structure of the 15–24 and 25–34 age groups. In the case of the younger group, the share of people employed in agriculture is almost twice as high and employment in the service sector is comparable but slightly lower. Consequently, employment in industry is significantly higher for the 25–34 group. This provides new evidence that jobs for new entrants on the labour market have been localised mainly in the field of agriculture, while the industrial and service sectors have had very little to offer the youngest

group. However, as already mentioned, we may consider that this is a result of the pressure created by an unclear and incomplete transition rather than a clear indication of labour market needs in the coming period (see Table A.12).

Table 3.5 Employment rate by educational level 1996 and 1997 for 15-64 year olds

Educational level	1996	1997
Higher education	83.7	84.2
Vocational and Apprentice School	77.1	77.0
Secondary education	68.0	66.9
Primary education	52.6	54.3
Total	65.5	65.9

Source: Labour Force Survey

3.3 *Employment in private sector*

The private sector has not much more than half of total employment. What is more relevant, however, is that at the beginning of 1998 the percentage of private employment in the non-agricultural sector was less than one third (30% for the second quarter of 1998). Not only were the mining and energy industries still almost totally public, public enterprises also accounted for almost half of employment in construction, and for more than half in manufacturing. In financial, banking and insurance services and the transport sector, the private sector was a third of the size of the public sector. Apart from agriculture, where private employment accounted for more than 93%, private employment was predominant only in trade and hotels. Whereas employment in the private sector has steadily increased, the growth rate diminished in 1998, even though the number of state-owned companies privatised increased in that year (see Table A.13)

Despite the growth of the private sector, many of those who have lost their jobs in the former state sector are either unemployed or have left the labour market. Most of the new employment created by private firms has been in trade and services, which require different skills from those acquired in the state sector.

The private sector in Romania has been created by two main processes: the transfer of state property and the creation of new private businesses. Where the first process is concerned, the beginning of privatisation dates back to 1991. Privatisation in agriculture – the restoration of the right to own land – has been implemented relatively rapidly; though the distribution of legal titles of ownership to the farmers was a long process, in practice they started to work the land privately immediately after 1991.

Where the privatisation of industrial units is concerned, the process has been complex and is still far from finalised. Basically, it has included two types of actions:

- a free transfer of 30% of the social capital of state-owned companies (approximately 6 300 companies) to the adult population of Romania, which was termed the "mass privatisation process";

- the sale of shares of the remaining 70% to interested investors, Romanian or foreign. A new institution was created, the State Ownership Fund, whose main responsibility was to administer and to privatise state property. Initially, the transfer of property was a very slow process, so that in 1996, when mass privatisation ended, the State Ownership Fund continued to control two-thirds of the social capital of state-owned companies. Privatisation became more substantial especially after 1997. However, at the end of 1998, the State Ownership Fund had sold only 40% of its assets. In the period 1992–98, a total of 4 371 companies were privatised, of which 3 281 were small companies, 940 medium-sized companies and 150 large companies (the size of small and medium-sized Romanian companies according to the State Ownership Fund classification differs from EU definitions of small and medium-sized companies).

The process for establishing new businesses was highly dynamic especially in the first few years, when legislation was also more favourable and fiscal incentives were granted by law (tax breaks for periods between 6 months and 5 years depending on the field of activity). It is important to observe that, even in some sectors which had negative overall turnover, small and medium-sized companies – which are almost exclusively private – were able to create and maintain jobs (see Table A.14). On the other hand, new shareholders of privatised companies were not always in a position to freely decide on reductions of redundant staff. In many cases privatisation contracts signed with the State Ownership Fund included specific provisions forcing the new private owners to maintain the number of employees (or to limit lay-offs) at least for a certain period. These clauses were strongly supported by the trade unions and, in a few cases, privatisation contracts that had already been signed had to be cancelled following strikes and trade union actions.

Difficulties at the economic level, delays in structural reforms and the international image of Romania have entailed modest investments of international capital relative to the existing opportunities. Thus, at the end of November 1998, the total volume of foreign investment was 4.63 billion US dollars, of which 3.46 billion in direct investments and 1.16 billion in privatisation contracts. The flow of foreign investment has fallen significantly in the most recent period. The territorial distribution is unequal, almost three quarters of the total volume of foreign investments being concentrated in Bucharest and four other counties (Dolj, Timiş, Bihor and Cluj).

3.4 *Regional Distribution of Employment*

Regional employment can only be analysed on the basis of information from the Labour Force Balance. In general, there is no great differentiation in employment rates for different counties. This is mainly a result of the actions of the previous regime, which aimed to ensure a geographical balance of economic development, mainly by the imposed creation of new industrial units. No attention was paid to economic efficiency and local conditions, such as the availability of raw materials, a qualified labour force and the industrial infrastructure. Certainly this policy had a positive effect in terms of the territorial distribution of employment, and the evolution of the Romanian economy after 1990 has only partly affected this situation. An analysis of the figures presented in Tables A.16, A.17 and A.18 shows low employment rates especially in small counties located around Bucharest (Calarasi, Giurgiu), but also in Bucharest itself.

The low employment rate for the Bucharest area is rather surprising but one explanation could consist in the existence of a black labour market, which is certainly more developed in big urban localities. This explanation is also supported by the very low rate of registered unemployment in the case of the Bucharest region (including Bucharest and Ilfov county). The situation is similar for other counties with large urban concentrations and relatively low rates for both employment and

registered unemployment, such as Brasov, Constanta and, in part, Timisoara. At the other extreme, the highest employment rates at the end of 1996 were recorded in counties where mining and iron and steel were dominant or very important sectors for employment (Alba, Gorj, Hunedoara); in these areas the situation has changed significantly since the end of 1997.

There are still many areas where the active population is wholly dependent on a single industry or natural resource (the textile industry in some cities in Moldova, fishing in the Danube Delta, coal mining in the Jiu Valley, oil drilling, forestry, etc.), and where economic restructuring has left people with no alternative job or source of income.

3.5 *Rural employment*

The number of employed people is almost the same in urban and rural areas, at around five million persons in the first quarter of 1998. Due to the seasonal specificity of agricultural jobs, the number of people employed in rural areas increases during the second and third quarter of each year; for example, in the second quarter of 1998, 5.3 million people were employed in urban zones and 5.9 in rural areas. As a general trend, the evolution has been characterised by a small but permanent increase in the number of jobs in rural areas. Obviously, most of the people employed – accounting in fact for three quarters of total employment – work in the agricultural sector. Another important sector is manufacturing (8.8% of total employment in the second quarter of 1998), while the aggregate contribution of trade, public administration, defence, social assistance and construction represents less than 10% of rural employment.

Another characteristic of the labour force in rural areas is the polarisation between different age groups: more than 42% of the employed people living in such areas are aged 50 or older and 17% are over 65. If we consider the group of people employed in agriculture, these two age groups combined represent around three quarters of total agricultural employment. The same sector exhibits a percentage of young people (in the 15–24 bracket) slightly higher than the national average .

This situation can be partly explained by the history of Romanian society: from 1965 to 1975, the Communist regime imposed an intensive process of industrialisation and massive migration from rural to urban areas. On the other hand, agriculture has clearly become a refuge for retired people with very low incomes (or for old people without any regular income) and for new entrants on the labour market who, in the absence of alternative employment, have been forced to migrate from urban to rural zones.

3.6 *"Hidden employment" and "hidden unemployment"*

"The National Commission for Statistics", based on National Accounts, makes an annual assessment of the size of the 'grey economy'.[8] The share of gross value added of all activities within the grey economy increased from 6.7% in 1992 to 12.6% in 1994 and 19.0% in 1997.[9] In certain branches, such as trade, construction, transportation, vehicle servicing, and household repairs, hotels and restaurants, real estate transactions, education, health, and cottage industries, it is bigger" (1998 UNDP Report on Human Development).

8 The "grey economy" includes legal productive activity which takes place without being directly recorded by administrative fiscal or statistical bodies.

9 Assessments by the National Commission for Statistics and National Bank of Romania.

The Ministry of Labour and Social Protection estimates the number of people in unregistered employment at around 1.5 million, which corresponds to over 15% of total employment (Labour Force Balance data). However, in our opinion this figure is somewhat overestimated. A comparison between the data supplied by the Labour Force Survey and the Labour Force Balance reveals that ILO employment is higher by 2 million persons, out of which almost half are non-paid workers in agriculture. Considering also the size of the military staff, we can estimate the number of people employed in non-agricultural activities and not reporting their income at around 700–800 thousand people, corresponding to 7% of total ILO employment.

It is even more difficult to estimate hidden unemployment. In industry, some units have continued to suffer losses, but in practice it is impossible to assess the number of necessary lay-offs and the timing of these. The unofficial estimation for 1999 varies between 50 000 and 100 000 lay-offs, mainly in the mining, transport and metallurgy sectors.

Table 3.6 Under-employed, by gender, areas, age group and working programme, second quarter 1998

Working programme Groups of age	Under-employed persons		Gender		Areas	
	Persons	% of total	Male	Female	Urban	Rural
Number of underemployed persons, total	311 713	100	197 519	114 194	57 911	253 802
Out of which:						
Persons with part-time programme seeking a full time job or a supplementary activity	43 829	14	28 934	14 896	13 727	30 103
Persons with part-time programme not seeking a job, but available for a supplementary activity	241 295	77.4	153 678	87 617	37 727	203 568
Persons with full-time programme who have involuntarily worked less than usual duration of working week, seeking a job or available for a supplementary activity.	26 589	8.5	14 908	11 681	6 458	20 131
Age groups						
15-24 years	112 501	36.2	76 010	36 491	10 735	101 767
25-34 years	96 701	31.1	60 164	36 537	20 761	75 939
35-49 years	78 736	25	43 518	35 218	22 020	56 716
50-64 years	21 595	7	16 364	5 230	4 395	17 199
65 years and over	2 181	0.7	*	*	-	2 181

Source: Labour Force Survey- AMIGO Second Quarter 1998

Another indication of hidden unemployment comes from data on under-employment. According to Labour Force Survey definitions, people are considered under-employed if they have a job but they have worked less than usual working hours and are either seeking a full time activity or a complementary job, or are available during the next 15 days for such an activity.

In absolute figures, under-employment is a growing phenomenon in Romania: the number of under-employed increased by around 10% between the first quarter of 1997 and the third quarter of 1998. The under-employment rate (percentage of under-employed in the total employed population in the same category) is around 2.8% (Table 3.6).

The distribution by gender and area emphasises that men represent almost 2/3 of total underemployment and individuals from rural areas are around four times more numerous than people from urban areas. Among the underemployed, around two thirds are 15–34 years old. This is another clear indication that agricultural employment is higher than the real needs of this sector and that the active population, especially young people, have not been offered jobs in other sectors.

3.7 *Vacancies and structural imbalances*

According to the Law on Social Welfare and Professional Reintegration of Unemployed (No. 1/1991), public and private companies have to notify vacancies to the local employment offices of the Ministry of Labour and Social Protection within 3 days when the positions become vacant.

In fact, many employers do not announce vacancies and it is difficult for the staff of local employment offices to gain a clear and complete picture of job opportunities in the area.

Information is also taken from the mass media and only to a limited extent directly from employers, on the basis of their voluntary declarations or further visits and meetings organised at the request of employment office employees. The task of local employment offices to ensure the transparency of labour force demand is obviously thereby rendered more difficult. Since they also face difficulties arising from the lack of necessary human and technical resources and from the fact that there is no clear distinction between activities, employment office staff have focused less on the above targets and more on the activities of recording unemployment and providing compensation. However, it has to be mentioned that several international programmes are currently focusing on this aspect and financial and technical assistance is being provided in order to increase local capacity and effectiveness in this field.

With regard to the monthly number of vacancies recorded by county directorates, the figures exhibit significant variations from one month to another; however, there is a noticeable increase in the total number of vacancies in 1998 as compared with 1997. According to the data provided by the Ministry of Labour and Social Protection, only around 3/4 of vacancies were filled. What is more surprising is that less than half of the people filling the jobs were unemployed (see Table 8.3), despite the fact that the unemployment/vacancy ratio consistently had very high values (Table 3.7).

The situation might be considered paradoxical at first sight, but is explainable (at least in part) on the one hand by the existing gap between the type and quality of professional background required by employers and that offered by the applicant (some studies show a very high number of jobs that seem to stand no chance of being filled either at present or in the immediate future), and, on the other hand, by the conditions imposed by employers, which some people in search of a new job either cannot meet (sex, age, experience in the field, etc.) or do not accept (salary, work conditions, work schedule and others). At the same time, some of the unemployed people accept their condition and supplement the sums received in welfare compensation (unemployment compensation, integration or support allowance) with incomes from work on the "black market", agriculture on the land they own, etc.

However we would also like to mention that data are not regularly registered and updated and information as recorded at the local and national level may have a large margin of error (see also comments on employment services in Chapter 7 and Chapter 8).

Table 3.7 Unemployment and vacancies

	Registered unemployed, total	Number of vacancies at the end of the month	Registered rate of unemployment, %	Unemployment / vacancy ratio
Dec. 1991	332 311	2 644	3	128
Dec. 1992	897 588	4 413	8.4	204
Dec. 1993	1 164 705	7 972	10.2	146
Dec. 1994	1 223 925	4 269	10.9	286
Dec. 1995	998 432	11 442	8.9	87
Dec. 1996	657 564	16 460	6.3	41
Dec. 1997	881 435	18 331	8.8	49
March 1998	953 419	16 692	9.5	57
Dec. 1998	1 025 056	13 998	10.3	73

Source: Ministry of Labour and Social protection

According to the Ministry of Labour and Social Protection, people are classified in three categories: individuals with higher education, with secondary education and workers. This classification is open to dispute and should be revised.

The trades where there is a better match between the demands of employers and the people applying for jobs (as revealed by an analysis of job applications settled) include: accountants (ranks first in the past two years), computer operators, analyst assistants and computer input data operators, car mechanics, waiters, cooks, shop assistants and bricklayers. We may conclude that there is increased labour force demand especially in the area of services and trades that used to be deficient in past years.

We may notice, at the same time, a demand for jobs less familiar until now on the labour market in Romania, such as commercial and insurance agents, security guards, and keepers of public order. There is continued demand for trades in the secondary sector (manufacturing industry and construction): welders, locksmiths, bricklayers, carpenters, etc. It is surprising to see that a part of the labour force demand and training offered focus on trades already available within the pool of unemployed people. Some explanations for this have already been given. We should add the lack of coordination between suppply and demand with respect to the geographical areas in which they become manifest, since the population in Romania is still not used to and not willing to relocate in order to find a job. It is true that the economic conditions in our country would make this a very demanding task. Finding a new house is extremely difficult. Finally, the deficient information system in the labour market could represent one of the causes of the paradoxical situation mentioned above.

4. Labour Force Participation

4.1 *Demographic trends*

With a population of over 22 million, Romania ranks ninth in Europe. In 1992, according to the last census, 54.3% of the total population lived in urban areas. In 1997, the share of the urban population increased to 55%. The population density is 95 per sq. km. There are, however, regional differences: the sub-Carpathian and intensely urbanised zones are the most densely populated, while mountainous areas and the Danube Delta are sparsely populated. Romania's administrative unit is the county – judet – of which there are 41 plus the City of Bucharest. There are 262 cities and towns and 2 686 rural communities (according to the administrative organisation of the territory on 1 July 1996).

The ethnic composition is: 89.7% Romanian, 6.9% Hungarian, 1.8% Gypsy, 0.4% German, 0.3% Ukrainian, 0.9% other. In 1997, the population structure by gender was 11 504 500 (51%) female and 11 041 400 (49%) male. Whereas men outnumber women under 38, beyond this age the ratio is reversed.

Since 1990, several important demographic processes can be observed (Table 4.1). First, this period can be considered to represent the end of the demographic transition. In 1966, a very severe law on abortion was enacted, and as a predictable consequence, the number of births practically doubled in the next year. After 1967, the number of births has progressively decreased from a maximum value of 527 764 to a present value of around 236 000. The drop in births has been extremely abrupt especially after the 1989 revolution, when the birth rate decreased from 13.6‰ in 1990 to 10.2‰ in 1996 (the lowest birth rate ever registered in Romania) and to 10.5‰ in 1997. Combined with the increase in the mortality rate, the result has been that the natural population balance has become negative starting in 1991. The year 1996 marked also the highest mortality rate in recent decades, 12.7‰ (falling slightly in the following year to 12.4%).

Ageing is another important development for the population of Romania, determined by a progressive reduction in the numbers of young people due to the trend in births and the lengthening of life duration. In 1997, life expectancy at birth was 73 years for women and 65.2 years for men (UNDP Report on Human Development). The average age of the rural population was much higher than that of the urban population, namely 37.7 years versus 32 years in 1992. The ageing phenomenon has begun to have a significant social and economic impact in Romania. There are rural areas where the elderly are the majority, and where consequently the demographic equilibrium is affected and the continuity of local communities is threatened; however, with very few exceptions, falling population rates have not yet reached the critical threshold below which rural areas become deserted.

Should the current trends of fertility and mortality be maintained, it is estimated that in approximately a decade this will result in a 2% fall in the total population, and, implicitly, in a fall in the school aged and young population in the 15-29 years group. This also implies an increase in the adult and elderly population.

Analysing the figures from the 1992 census, it can be observed that the size of the cohorts entering the labour market in the immediate future will progressively decrease. This observation is confirmed by the fact that in 1992 the 15–19 cohort included 1 916 000 people, while the members of the 5–9 year cohort numbered only 1 653 000.

Table 4.1 Total population by age groups and gender 1989-1997

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Total population (thou)	23 151.6	23 206.7	23 185.1	22 789.0	22 755.3	22 730.6	22 681.0	22 607.6	22 545.9
Yearly change %		0.24	-0.09	-1.71	-0.15	-0.11	-0.22	-0.32	-0.27
Share of population, 0-14 years, %	23.9	23.6	23	22.4	21.7	21.1	20.5	19.9	19.4
Share of population, group 15-64 years %	66	66	66.3	66.5	66.9	67.2	67.5	67.9	68
Share of population aged 65+, %	10.1	10.4	10.7	11.1	11.4	11.7	12.0	12.2	12.6
Male population	11 422.5	11 449.1	11 435.3	11 213.8	11 176	11 159	11 124	11 080	11 200
Share in total %	49.3	49.3	49.3	49.2	49.1	49.1	49.0	49.0	49.0
Female population	11 729.1	11 757.6	11 749.8	11 575.2	11 579.3	11 571.6	11 557	11 527.6	11 504
Share in total %	50.7	50.7	50.7	50.8	50.9	50.9	51.0	51.0	51.0
Demographic dependence ratio	51.6	51.4	50.8	50.4	49.6	48.8	48.1	47.4	47.0

Source: UNDP Report on Human Development 1998 and National Commission for Statistics

Migration

The internal population movement has traditionally been from village to town. Beginning in 1992, despite the fact that the rural – urban population flow has continued to be the predominant migration tendency, there has been an increase in relocation from cities and towns to villages, encouraged by legislative measures on the restitution of agricultural land as well as by unemployment among the urban population of rural origin. In May 1997 this flow led to a reversal of the traditional tendency (Table 4.2).

Table 4.2 Migration in Romania 1989-1997

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Internal migration per 1000 departures	192.9	786.5	262.9	293.2	240.2	266.7	289.5	292.9	302.6
▪ urban	49.5	170.4	79.7	111.5	96.1	117.4	135.8	148.9	156.6
▪ rural	143.4	616.1	183.2	181.7	144.1	149.4	153.7	144	146
Departures in total population (per 1000 inhabitants)	8.3	33.9	11.3	12.9	10.6	11.7	12.8	13	13.4
Emigration (thousand)	41.4	96.9	44.2	31.2	18.4	17.1	25.7	21.5	19.9
Proportion of persons aged 26-40 among total emigrants (%)	29.9	26.4	24.6	32.7	30.8	34.4	42.4	38.8	39.8

Source: UNDP Report on Human Development 1998

4.2 *Labour force participation of the population*

According to the Labour Market Survey, the active population represents almost half of the total Romanian population. The activity rate of the population aged 15 years and over (the ratio of the active population aged 15 years and over to the total population aged 15 years and over) was 61.1% for the first quarter of 1998. The quarterly evolution of the activity rate within the 1996–98 period is presented in Table A.21.

As with employment rates, a cyclical increase can be observed in the second and third quarter of every year due to influence of agricultural employment. Indeed, the increase in the active population during these quarters is caused by an almost equal increase in the population employed in agriculture and is located mainly in older age groups.

The participation rate of the population aged 15–64 (yearly average) was almost constant between 1995 and 1997, with no significant variation between different age sub-groups (Table 4.3).

Table 4.3 Labour Force Participation Rates 1992 - 1998 by age groups and gender, %

Age	1992[1]			1994[2]			1995[2]		
group	Total	Males	Females	Total	Males	Females	Total	Males	Females
15-64	68.2	76.0	60.5	69.7	76.5	63.1	71.1	77.5	64.7
15-24	59.5	64.7	54.1	48.7	55.4	41.7	49.3	55.5	42.8
25-49	87.9	95.7	80.0	87.1	93.5	80.8	87.8	94.1	81.6
50-64	41.0	50.3	32.5	58.0	65.9	50.8	60.6	67.5	54.3
65+	5.5	5.5	5.5	31.1	35.6	27.8	36.3	41.8	32.5

Age group	1996[3]			1997[3]			1998[4]		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
15-64	70.6	77.8	63.4	70.5	77.5	63.6	71.1	77.6	64.7
15-24	49.9	56.2	43.4	48.3	54.2	42.1	48.1	53.8	42.2
25-49	86.4	93.2	79.6	86.2	92.9	79.5	86.2	92.5	79.9
50-64	57.9	67.0	49.7	59.5	68.4	51.5	60.9	68.7	54.1
65+	32.5	38.4	28.3	33.8	39.6	29.6	38.8	43.7	35.2

Source: calculated data based on Labour Force Survey.
[1] According to yearly census;
[2] First age group considered from 14-24 years (March 94, March 95);
[3] Annual average values;
[4] Third quarter.

By age groups, it is noticeable that the activity rate is highest for the 35–49 age-group, both for men and for women. Another general comment that can be made is that the activity rate for the youngest category (15–24 years) has always been significantly lower than that of the other sub-groups of working age (15–64 years old). The activity rate is higher in rural areas, as a result of the higher participation of extreme groups, the first age group and (particularly) the group between 50 and 64 years.

4.3 *Labour force participation by educational level*

The structure of the economically active population by educational level is quite similar to the structure of employment, with almost 2/3 of the total being represented by recipients of secondary or higher education (Table 4.4).

Table 4.4 The structure of the economically active population per age group and levels of education, first Quarter 1998, %

Levels of education	Total	15-24 years	25-34 years	35-49 years	50-64 years	65 years and over
Total	100	100	100	100	100	100
Higher education	8.6	2.0	9.3	11.7	7.2	1.2
Post secondary education and foreman education	5.1	2.9	3.3	7.7	4.1	0.4
Secondary	30.6	44.1	51.4	29.6	5.4	1.8
Vocational and apprentice level	21.9	22.7	26.3	28.2	8.8	1.3
Primary	19.9	24.1	8.3	19.1	31.7	27.8
Elementary or without education	13.9	4.2	1.4	3.7	42.8	67,5

Source: Labour Force Survey- AMIGO - First Quarter 1998

Discouraged workers

The distribution of discouraged people by age groups reveals that the global weight of youth is still the highest, at around one third of the total. The Labour Force Survey for the second quarter of 1998 showed that, as compared to previous quarters, the number of discouraged persons was decreasing. In the second quarter of 1998, the number of discouraged people was 226 000 and their weight in the total population aged 15 years and over was 1.2%. The distribution by areas and gender indicates that of all discouraged people, 59% were women and 59.4% lived in urban areas (Table 4.5). More than half of the discouraged people consider that they have no access to the labour market, since they have looked for a job at some other time without success, while one third either thinks that there are no vacant jobs or does not know where to look for them.

Table 4.5 Discouraged persons by gender, area, reasons for discouragement and age group - Second quarter 1998, number of persons and %.

Reason for discouragement	Discouraged persons		Gender		Areas	
Groups of age	Total	% of tot	Male	Female	Urban	Rural
TOTAL	226 357	100	92 435	133 921	134 478	91 879
Inactive persons available who:						
Are seeking a job, but have taken no further steps towards this aim	3 800	1.7	*	2 887	*	2 883
Are not seeking a job since:						
■ they think there are no available jobs or do not know where to look	79 118	35	38 295	40 824	43 812	35 306
■ they feel that they lack skills	5 764	2.5	*	5 764	2 558	3 205
■ they think that they will not find a job due to their age	12 953	5.7	2 052	10 901	9 281	3 672
■ they have looked for a job at some other time, but not found one	124 721	55	51 175	73 547	77 909	46 813
Age Groups						
15 - 24 years	79 240	35.3	29 239	50 002	38 558	40 682
25 - 34 years	65 168	29.4	28 996	36 172	38 672	26 497
35 -49 years	64 435	28.3	26 596	37 838	45 799	18 636
50 - 64 years	15 755	7	7 046	8 708	11 074	4 680
65 years and over		*	*	*	*	*

*Source: Labour Market Survey - AMIGO *Data computed by extension are not reliable due to the small number of observed cases*

4.4 *Ethnic minorities*

In Romania not much information is available on employment and unemployment according to different ethnical groups. There are two important minorities: Hungarian and Romany. In the case of the Hungarian minority some analysis can be made based on primary information collected via the questionnaire used by the Labour Force Survey (though the National Commission for Statistics does not use and does not distribute such statistics). However, the situation is more complicated in the case of the Romany population.

Even though Romany leaders consider that their ethnic group includes between 1.5 and 2 million individuals, figures officially recorded are much lower: only 401 087 people identified themselves as Romany according to the 1992 census. According to the Romanian National Commission for Statistics, some members of the Romany minority deny that they belong to this ethnic group. Fearing discrimination, they give up their minority rights and declare themselves to be of Romanian, Hungarian or some other nationality.

A study prepared in 1997 by the World Bank mentioned the following characteristics for the Romany population, using the information provided by The Romanian Institute for Research on the Quality of Life (IRQL) and the National Commission for Statistics:

- very little training: 88% of Romany women and 35% of Romany men have no professional training; 42% are unemployed.
- 44% of men and 59% of women are illiterate. 27.3% of men and 35% of women have not completed primary school. Illiteracy is a major handicap that prevents Romanies' access to social and economic opportunities. The 1997 level of school attendance by Romany children was lower than that in 1987. It is estimated that in 1997, 48.3% of 7-9 year-olds will not finish elementary school, as opposed to 27% for the same age category in 1987. According to IRQL, the probability of a Romanian citizen attending some form of higher education is 0.12, while for a Romany it is 0.007.
- 58% of the Romany population live in rural areas. Before 1989 most of them were involved in agricultural activities. After collective farms were abolished, Romanies were unable to pursue the legal procedures for becoming landowners.
- 7% of Romany children have no birth certificate.

Data processed by the National Commission for Statistics (based on the information collected via the questionnaire and methodology of the Labour Force Surveys) show that for the Hungarian minority, labour rates (participation , employment and unemployment) are lower than but comparable with the national averages. Lower rates are caused by lower values for participation and employment rates of women, while values for men are very close to the national average (Table 4.6).

In the case of the Romany minority, the situation is different. Participation and employment rates are significantly lower compared with the values registered at the national level, and less than one third of Romany women are active on the labour market. At the same time, the unemployment rate is more than double the national value .

Table 4.6 Participation, employment and unemployment rates: national averages, Hungarian and Romany minority

	1996			1997		
	Total	Men	Women	Total	Men	Women
TOTAL Rate of:						
▪ participation	70.6	77.9	63.5	70.6	77.6	63.6
▪ employment	65.5	72.6	58.4	65.9	72.8	59.2
▪ unemployment	7.3	6.7	8.0	6.5	6.2	7.0
Hungarian Rate of:						
participation	66.2	76.0	56.8	66.4	74.7	58.3
employment	61.6	71.1	52.4	63.3	71.0	55.7
unemployment	7.0	6.5	7.7	4.8	5.0	4.5
Romany Rate of:						
▪ participation	52.4	69.4	35.3	47.0	63.4	30.7
▪ employment	39.9	52.2	27.6	40.5	54.9	26.1
▪ unemployment	23.8	24.8	21.8	13.9	13.5	14.8
Other nationalities Rate of:						
▪ participation	56.7	68.4	43.8	59.4	70.3	46.5
▪ employment	49.7	61.2	37.1	49.7	59.4	38.4
▪ unemployment	12.3	10.4	15.4	16.2	15.5	17.5

Source: Labour Force Survey

4.5 *Supply of hours*

According to the Labour Force Survey, employed people having full-time working programmes represent approximately 85% of total employment. Since 1996, there has been a slight tendency for the share of persons working full-time to decrease (for example from 87.7% in the first quarter of 1996 to 87.1% in the first quarter of 1997 and 86.2% in the first quarter of 1998.)

On average, for more than three quarters of the people with full-time programmes, the normal duration of the working week is at least 40 hours.

The distribution of employment by working programme and effective duration of the working week emphasises that people with a part-time working programme and those who, although full-time, worked less than 40 hours per week, represented almost one third of employment in the first quarter of 1998. The weight was higher for women (37%) and in rural areas (46.8%). Among employed people with part-time working programmes, 86.9% lived in rural areas.

Table 4.7 The employment distribution by working programmes and effective duration of working week, by gender and areas in Q II 1998

	Total employment	Part-time programmes	Full-time programmes							
			Total	Effective duration of working week						
				Under 21 hours	21-30 hours	31-39 hours	40 hours	41-50 hours	51-60 hours	61 hours and over
Total	100.0	16.1	83.9	3.5	6.4	4.2	50.1	12.9	5.4	1.4
Male	100.0	13.3	86.7	2.2	5.2	3.6	52.5	14.3	6.8	2.1
Female	100.0	19.4	80.6	4.9	7.8	4.9	47.3	11.3	3.8	0.6
Urban	100.0	4.5	95.5	2.6	2.5	2.1	70.9	11.8	4.3	1.3
Rural	100.0	26.6	73.4	4.3	9.9	6.0	31.4	14.0	6.3	1.5

Source: Labour Force Survey- AMIGO - Second Quarter 1998

Secondary activity

The number of people carrying out secondary activities exhibits high fluctuation: 701 000 persons in the third quarter of 1998 (6.2% of total employment) but only half a million people in the first quarter of 1998 (5.1% of employment). In general, the largest share of persons who have a secondary activity are located in urban areas (82% in the third quarter of 1998) and are adults aged between 25 and 49 years (75.3%). Women represent more than three quarters of persons with second jobs. The distribution by educational level indicates that, among all the people developing multiple activities, the highest percentages were held by graduates from high schools (one third of the total) and from vocational, complementary and apprenticeship education (30.8%).

5. Unemployment

5.1 *Unemployment data*

In Romania, as in other countries, there are two definitions of the unemployed: registered unemployed and ILO unemployed. These are accordingly used by the two main information sources mentioned in the present study, namely, the administrative source represented by the Ministry of Labour and Social Protection, and the Labour Force Surveys respectively. A comparative analysis of the data published by these two sources reveals the following points:

- During 1996 and the beginning of 1997 there was little difference between the level of registered and ILO unemployment. Starting with the fourth quarter of 1997, registered unemployment exceeded ILO unemployment by around 100 000 persons, which represents around 15% of ILO unemployment, and the difference became even greater in the second quarter of 1998. As already mentioned in previous chapters, November 1997 was the point at which significant lay-offs took place in the Romanian economy, especially in the mining sector.
- In 1996–98, the ILO unemployment rate was lower than the registered unemployment rate, except in the first and fourth quarter of 1996. Lower values for the ILO unemployment rate are due to both a lower level of unemployment and higher values for the ILO active population (mainly due to increased values for the population employed in agriculture, especially during the second and third quarter of each year). There are no clear indications or explanations for the two exceptions mentioned above.
- According to the Labour Force Survey, only about half of the ILO unemployed are registered at the labour force offices. On the other hand, around 25% of the persons declaring that they are on labour force office lists are employed according to ILO criteria and definitions.

Table 5.1 and Table A.22 present the development of registered unemployment (data provided by Ministry of Labour and Social Protection) and ILO unemployment.

Table 5.1 Registered unemployment and ILO unemployment 1991-1998

	ILO unemployed	Registered unemployed	Unemployment rate	
			registered (%)	ILO (%)
1991	– –	337 440	3.0	– –
1992	– –	929 019	8.2	– –
1993	– –	1 164 705	10.4	– –
1994	– –	1 223 925	10.9	– –
1995	968 000	998 432	9.5	8.0
1996 Q4	723 000	653 876	6.2	6.2
1997 Q4	736 534	820 393	8.2	6.4
1998 Q2	663 746	908 332	9.1	5.6

Sources: Labour Force Survey- AMIGO - for ILO unemployment, Registered unemployed calculated based on Ministry of Labour and Social Protection data (quarterly unemployment considered as the average of monthly values)

5.2 General trends in unemployment

According to the Labour Force Survey, most of the unemployed (56.5% in 1996 and 59.9% in 1997) had previous working experience. About three quarters of these people were living in urban areas. The main reasons why they had stopped working were lay-offs or cutbacks in personnel (about 67%) and the ending of a temporary activity (11.2% in 1996 and 15.4% in 1997). A skills mismatch and inadequate training and retraining programmes, the relatively low mobility of the labour force (partly due to the poorly functioning housing market), and information shortages concerning vacancies are key obstacles for the unemployed in gaining employment. The lack of efficient programmes for reintegration to the work place is a major problem, especially for the long-term unemployed.

Table 5.2 Unemployment: First job seekers and unemployed with previous working experience, by areas, in 1997

	TOTAL (over 15 years)			15-29 age group		
		First job			First job	
	Total	seekers	Unemployed	Total	seekers	Unemployed
Urban	496 804	186 174	310 630	294 176	177 028	117 48
Rural	209 673	97 222	112 451	154 372	91 434	62 938
Total	706 477	283 396	423 081	448 548	268 462	180 086
Share (%)						
Urban	70.3	65.7	73.4	65.6	65.9	65.1
Rural	29.7	34.3	26.6	34.4	34.1	34.9
Share of first job seekers and unemployed in total unemployment (%)						
Urban	100	37.5	62.5	100	60.2	39.8
Rural	100	46.4	53.6	100	59.2	40.8

Source: Labour Force Survey - AMIGO

Duration

We observe an increase in the average duration of unemployment from 16.3 months in 1995 to 18.6 months in 1996 and a stabilisation around this value in 1998 (Tables 5.3 and A.23). The longest duration of unemployment is observed for those of intermediate age and the shortest, in general, among the young population in the 15-24 year age group (however, we should mention that we do not any have explanation for the high fluctuation of unemployment duration for the oldest subgroup).

Long-term unemployment (people unemployed for over 12 months) represents almost half of total unemployment.

Table 5.3 Unemployment by groups of age, gender, area and unemployment duration 1996-1998

Average unemployment duration (months)			Groups of age			
		TOTAL	15-24 years	25-34 years	35-49 years	50 years and over
1996	TOTAL	18.6	13.9	23.5	22.6	23.0
	MALE	18.1	13.0	24.1	21.2	22.4
	FEMALE	19.2	14.7	23.0	24.0	24.0
1997	TOTAL	17.9	13.6	21.4	22.6	19.2
	MALE	17.0	12.3	21.2	21.9	17.3
	FEMALE	18.9	14.9	21.6	23.4	24.1
1998	TOTAL	17.8	16.0	18.4	19.8	19.6
Q3	MALE	17.2	15.1	17.6	19.8	19.3
	FEMALE	18.5	17.1	19.4	19.8	20.7

Source: Labour Market Survey - AMIGO

5.3 Unemployment by age group, gender and area

In the 1991-97 period, the registered unemployment rate for women was consistently higher than for men. There was, however, a continuous reduction of this gap which fell below 1% in 1997 and in the first three-quarters of 1998. In concrete terms, the female registered unemployment rate reached a peak in the years 1993 and 1994. As concerns ILO unemployment, although unemployment rates by sexes are very close, men represent a larger share than women in the total number of ILO unemployed. Unemployment affects women in the 15-24 age bracket to a greater extent due to the difficulties generally encountered by young people in finding jobs. The female rate is increasing with age up to the 30-34 age group and is decreasing with age for the older groups.

Youth unemployment

Youth is the category most exposed to unemployment. The share of the unemployed under 25 out of total ILO unemployment varies around 45%, and, if we add the following five-year group, the weight grows to over 60% (see Table 5.2 and Graph 1), with the situation being slightly worse for women. An obvious consequence is that the incidence of first job seekers is globally high but especially for the first two age groups: around 90% of unemployed people under 25 are first job seekers.

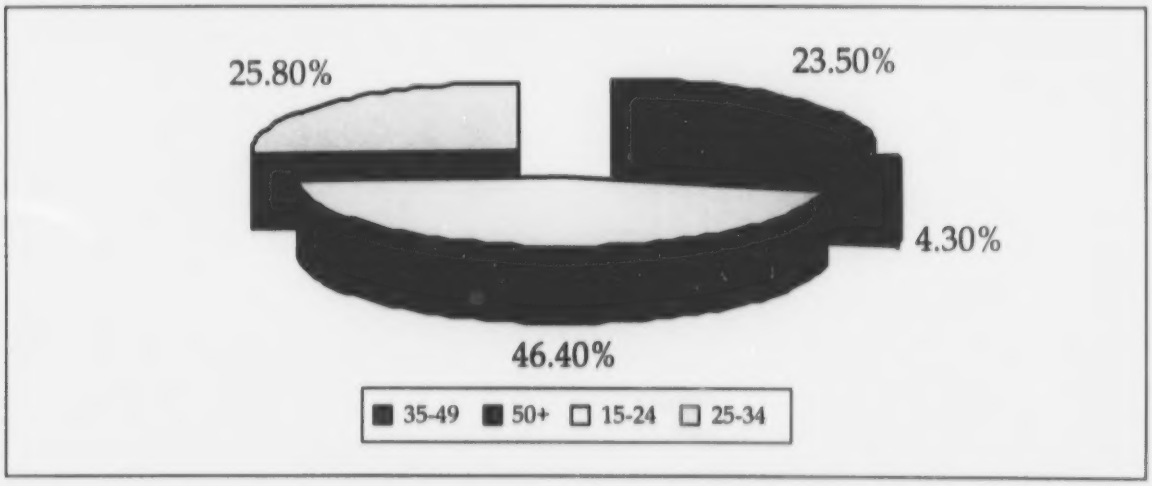
Table 5.4 Unemployment rates by age groups and gender

Age group	1994[1]			1995[1]			1996[2]		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
15-64	8.8	8.2	9.5	8.6	8.0	9.4	7.3	6.7	8.0
15-24	22.5	20.2	25.7	20.6	18.7	23.1	20.2	17.4	23.8
25-49	7.1	6.4	7.9	7.2	6.2	8.3	5.5	5.1	5.9
50-64	2.1	2.4	1.7	2.3	3.1	1.5	1.5	1.8	1.2

Age group	1997[2]			1998[3]		
	Total	Males	Females	Total	Males	Females
15-64	6.5	6.2	6.9	6.2	6.4	5.1
15-24	17.9	15.9	20.7	16.2	15.6	17.1
25-49	5.1	4.7	5.4	5.1	5.2	4.8
50-64	1.4	1.8	0.9	1.2	1.9	0.5

Source: calculated data based on Labour Force Survey.
[1] First age group considered from 14-24 years (March 94, March 95);
[2] Annual average values;
[3] Third quarter.

Graph 1 - Unemployment by age groups 1997



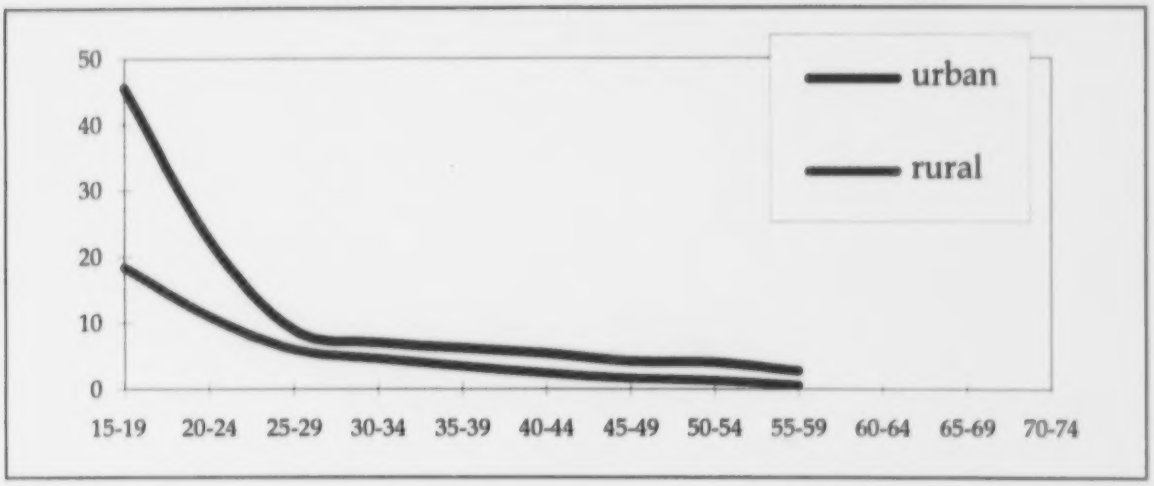
Apart from the demands and restrictions expressed by employers - which relate especially to professional experience but also explicitly to gender, age, etc. - difficulties in the professional integration of youth can be explained also by the insufficient correlation between labour force demand, on the one hand, and the training offered by the educational system, on the other hand. This applies in particular to its flexibility and capacity to adjust to the dynamic and changing evolution of the labour market.

If we develop the analysis from an urban and rural perspective, we can observe first of all that around two thirds of unemployment is concentrated in urban areas (Table 5.2), with the percentage being a little lower if we consider only first job seekers. The analogous values are lower for the 15–29 age group.

The representation of the specific rates of unemployment by age groups confirms what we have already mentioned:

- the inverse relationship with age in both types of area
- the fact that rural areas have been able to hide unemployment, especially among the young
- the extreme relevance of the phenomenon in urban areas among new school-leavers

Graph 2 - Specific rates of unemployment by areas and age



5.4 *Unemployment by educational attainment*

The structure of the unemployed by levels of education shows a high concentration of the phenomenon in three categories of people (see Table A.24). The first three segments with the highest weights are represented by:

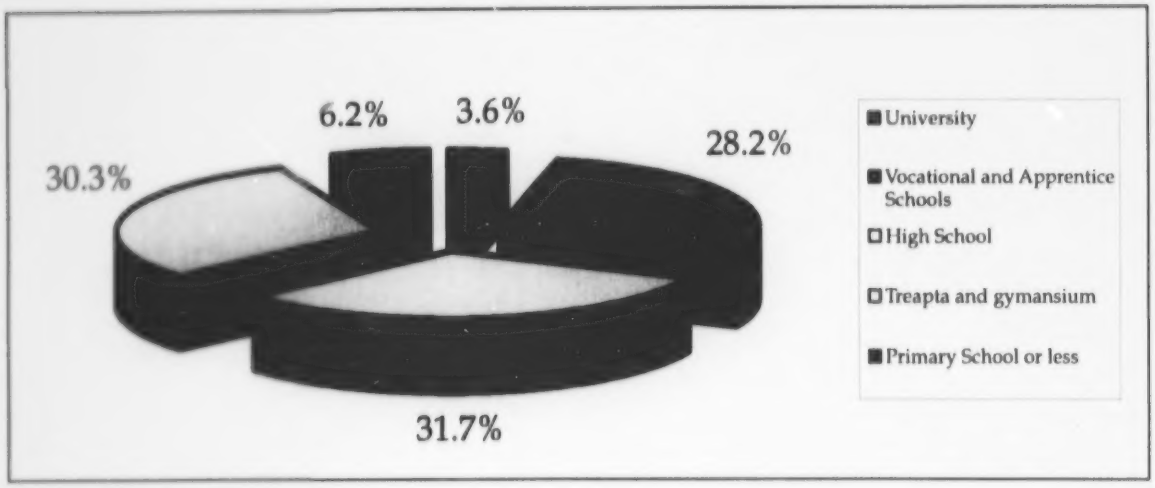
- people with compulsory education, graduates of the gymnasium or high school first cycle (during the communist regime the duration of compulsory education was ten years, reduced to eight classes immediately after 1990);
- those who have graduated from secondary high schools;
- holders of vocational and apprentice school certificates.

The other two segments, at the opposite extremes, people graduating from universities and people with at most primary education (4 classes), are represented less.

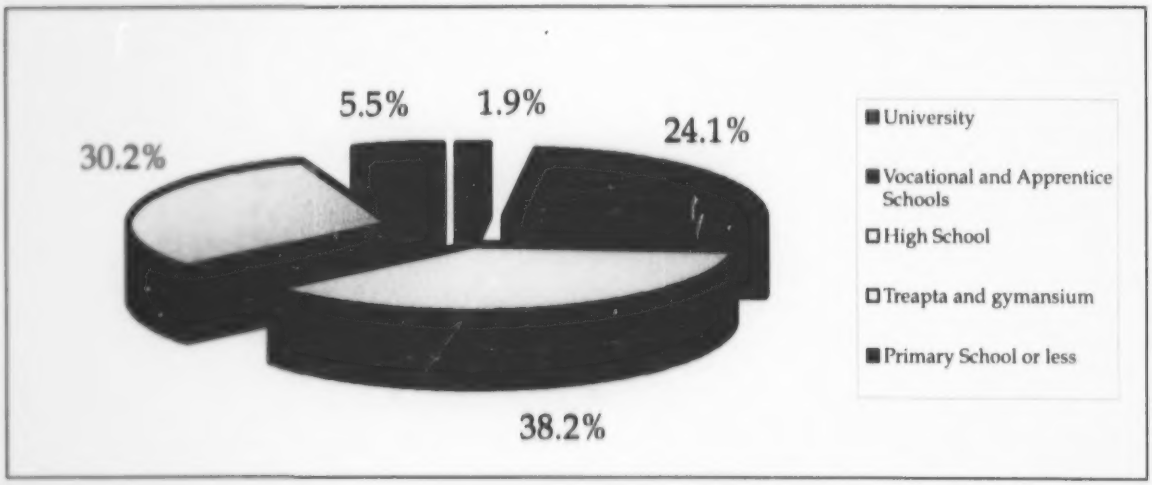
If we consider the 15–24 year bracket, high school graduates occupy the first place, followed by those with compulsory education (gymnasium or high school first cycle). Graduates of vocational and apprentice schools rank third. While the percentage for the first two groups is higher than for the total, in the case of the third it is lower.

Graphs 3 and 4 represent total unemployment and 15–24 unemployment by educational level, 1997 values. In the first quarter of 1998, the share of high school graduates in total unemployment increased to 34%, placing this group first, while the weight of persons with compulsory education decreased to 30%. For the 15–24 year group, the evolution was quite similar, but the changes are significantly smaller. The share of graduates of vocational and apprentice schools remained almost unchanged, having only a small increase both in total and for the 15–24 age group.

Graph 3 - Total unemployment by education 1997

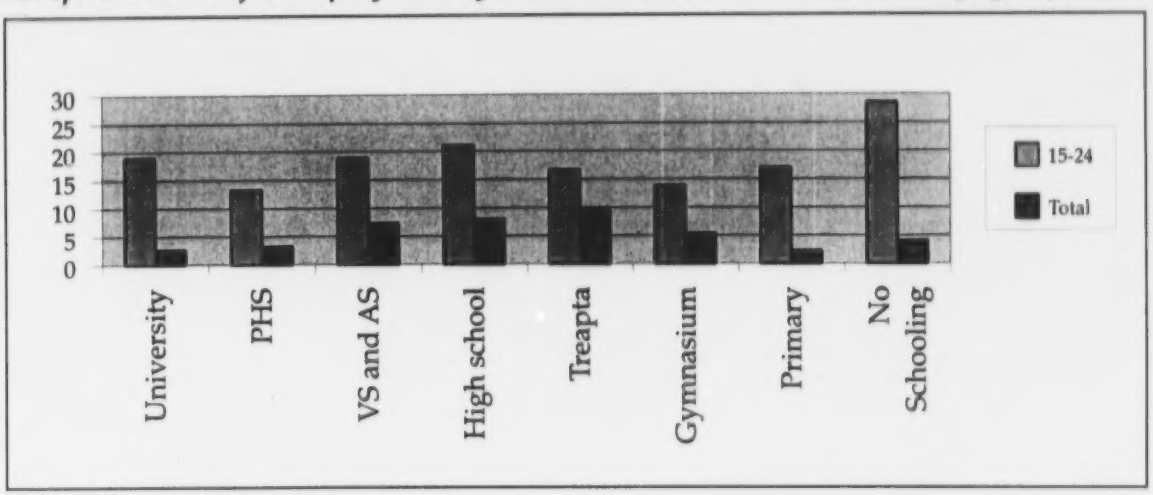


Graph 4 - Unemployed 15-24 years old by educational level 1997



The analysis of the unemployment rate will allow a better assessment of the relative success of each segment on the labour market. The maximum value among total unemployment rates by educational level is that of persons with ten years schooling; while higher and lower levels of education are characterised by decreasing values (Graph 5).

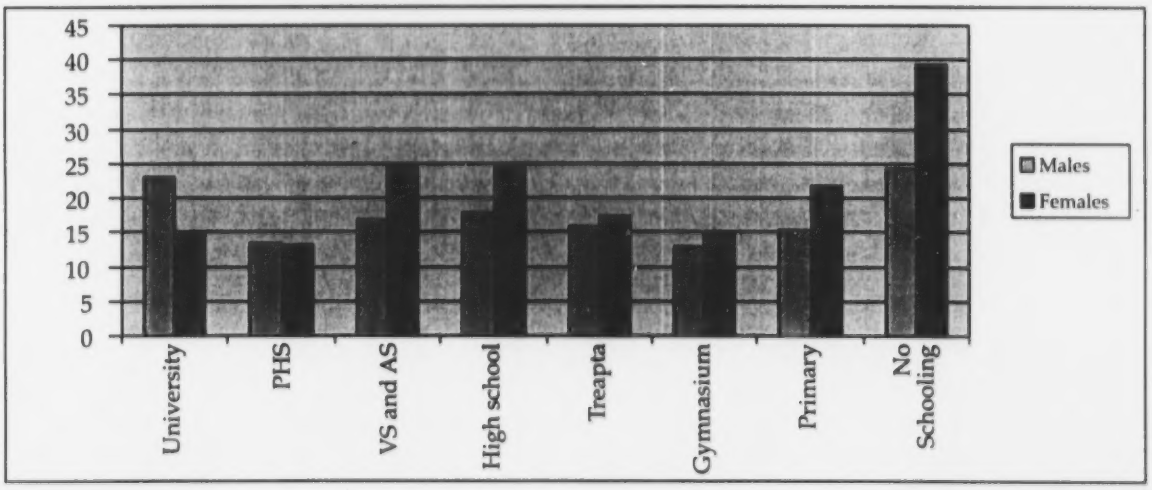
Graph 5 - Rates of unemployment by educational level; total and 15-24 age group; 1997



The distribution of unemployment rates for the first age bracket is completely different. University graduates exhibit a very high unemployment rate, though this can be explained by the fact that people in this segment have had very little time to find a job. In the remaining segments, the lowest unemployment rate is for post-high school graduates, followed by that of vocational and apprentice school certificate holders and finally by high school graduates.

The same distribution characterises the unemployment rates of men and women, both in total and for the youngest age group. Women's unemployment rates are always higher than men's, the only exceptions being in the case of the segments with the lowest educational levels (graph 6).

Graph 6 - Rates of unemployment by educational level and sex; 15-24 age group 1997



It must also be noted that the position of women who have completed schools with a vocational orientation (vocational, apprentice and post high schools) appears to be particularly penalised.

If we focus the analysis on the labour market situation of vocational and apprentice school graduates, we can mention the following important points (see Table A.11 and Table A.24):

- this group represents around 1/5 of total employment, the relative weight of men being much greater than that of women (28% versus 12% for the second quarter of 1998)

- the weight of this segment in total unemployment is higher than the weights in employment, for both men and women (33.9% and 20.9% respectively for the same period)
- the general performance of these graduates on the labour market is better than that of high school graduates. However, an important aspect is that while their weight and rate of unemployment are relatively lower in the youngest age groups, the same indicators are higher in the older ones, where graduates from other secondary schools or higher education institutions are almost absent. This would seem to suggest that while some sub-groups of recent graduates from vocational schools are in a better labour market position than high school graduates of the same age, older generations already in employment have been particularly penalised by the transition process.

5.5 *Unemployment by region and by ethnic minorities*

Registered unemployment tends to be significantly higher in some industrial and geographical areas; the highest rates of unemployment are systematically registered in the north-east region that includes the counties in Moldova (Neamt, Vaslui, Botosani) and in the south-east (the counties of Braila, Galati, Constanta, Tulcea, Vrancea, Buzau).

By counties, the dispersion is even greater. In December 1997, the registered unemployment rate ranged from 3.9% in the county of Timis to 14.4% in Neamt; in June 1988 the lowest unemployment rate was 4.1% in Bihor and the highest in the county of Vaslui. In 1998 and 1999, the registered unemployment rate reached high levels in areas including the coal basins in the counties of Gorj and Hunedoara. Another area with a constant high registered unemployment rate is represented by Valcea County.

As already discussed in Chapter 4, unemployment rates are much higher for the Romany minority, especially for Romany women (see Table 4.6).

The unemployment risk – which depends on a range of demographic-economic, social, behavioural and administrative factors as well as on the quality of employment programmes, the frequency and quality of active measures for combating unemployment, the practical functioning of the social partnership, etc. – differs within the territory, by employment zones, pools, etc.

6. Vocational education and training systems

6.1 *Initial vocational training*

Students who have finished compulsory education have the following options to choose from if they want to continue their training:

- *Technical (specialised) high schools*, which have a duration of four to five years. When finishing, students who pass the baccalaureate examination receive a baccalaureate diploma and a vocational certificate. They can choose either to enter the labour market or to continue their studies at universities or post-high schools.
- *Vocational schools* that last from two to four years. Students who pass the school leaving examination receive a "Skilled worker certificate" and can get a job matching their qualification. It is not possible for graduates of vocational schools to continue their studies at universities but, under certain conditions, they can move on to theoretical or technical high schools.
- *Apprentice schools* that last from one to three years. Unlike the previous alternatives, access is allowed even to pupils who leave compulsory education without passing the capacity examination[10]. In the case of their successful completion of studies, they will also receive a "Skilled worker certificate". There is no possibility for graduates of apprentice schools to continue their studies at universities or post-high schools.

A more detailed description of the Romanian education system is presented in Annex I.

Development of the vocationa education training system 1989 - 1995

Since December 1989, the development of the vocationa education training system has been inconsistent. On the one hand, there has been a significant increase in the number of vocational and apprentice schools and especially in the number of professors and trainers. On the other hand, the number of students enrolled in these units has decreased, both in total numbers and as a percentage of total secondary education. For example, the share of pupils enrolled in industrial high schools represented 71% of total high school enrolments in 1989 but only around 30% in 1996. A similar reduction is found in the case of agricultural and forestry high schools, from 19% in 1989 to around 6% in 1996. In contrast, the number and share of students enrolled in theoretical high schools has increased, from 4.3% in 1989 to around 45% in 1996.

10 The capacity examination - a compulsory examination for all pupils at the end of the first eight grades - has been introduced recently by the new Education Law and will be organised for the first time for pupils graduating from the 1998 -1999 school year.

Table 6.1 Students per teacher ratio, by type of education, 1989-1997

Type of Education	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Pre-primary schools	26.7	20.3	20.4	20.7	19.1	19.0	17.9	16.8	17.0
Primary schools	25.1	21.8	21.3	21.1	21.3	21.5	21.0	20.5	20.2
Gymnasium	17.4	14.4	14.5	13.3	12.6	11.7	11.4	11.3	11.8
Lyceum	31.7	19.3	14.2	12.3	12.1	12.5	12.6	12.3	23.4
Vocational and apprenticeship schools	-	87.1	70.8	64.2	47.7	38.9	36.1	34.4	33.6
Post-secondary schools	-	29.3	42.2	35.7	29.8	26.7	24.8	18.5	17.3
Higher education	14.1	13.8	12.4	13.0	13.1	12.7	12.5	13.1	11.6

Source: Data calculated relying on : Education in Romania; Statistical Data, 1994, 1996. NCS; Pre-primary education in school year 1996/1997, 1997/1998, NCS; Primary and lower secondary education in school year 1996/1997, 1997/1998, NCS; Upper secondary education in school year 1996/1997, 1997/1998, NCS; Vocational education and apprenticeship in school year 1996/1997, 1997/1998, NCS; Higher education in school year 1996/1997, 1997/1998, NCS.

The specialisations and trades taught in the schools have continued to be narrow, not allowing for occupational mobility, and thereby highly inappropriate for a market-oriented education system. Even though a certain decentralisation has been implemented,[11] the education process has not been adjusted to the development needs of the labour market. However, we have to say that this situation is not surprising, considering the lack of experience and capacity of the vocational education and training units to monitor local labour market aspects and developments, the limited or even non-existent co-operation with labour market institutions, and, last but not least, the unpredictable evolution of the Romanian economy. In general, the system has continued to act as it did previously in the centralised system, with the outputs being not demand but supply driven: decisions on type of qualifications and number of students to be enrolled are taken mainly based on the previous experience of each school, the existing equipment available for practical training, and the number and expertise of professors.

Content of training

Training continues to be provided for over 300 occupations. Until the vocational educational reform programme[12] is implemented in all schools, the curriculum is designed as follows:

First year:

- Social and humanitarian knowledge 10%;
- Basic scientific knowledge 20%;
- Specialised training 24%;
- Practical training 40%;
- Physical education 6%.

11 Specialisation and number of pupils to be enrolled are proposed by each the vocationa education training unit and have to be approved by the Ministry of Education.

12 Launched in 1995 with Phare support .

In the year of graduation, practical training represents a larger share: 66%. Practical classes for junior students are given in school workshops arranged on school premises, perhaps with the assistance of a business that takes a direct interest in labour training. In senior classes, where the emphasis lies on specialisation and skills acquisition, students are given field training in economic units where they are assigned specific tasks. The teaching staff of vocational and apprenticeship schools is comprised of teachers and foremen qualified as instructors. However, in many cases practical training is limited either due to a lack of co-operation with companies or because of out-dated and inadequate equipment.

The vocational school curriculum does not include computer sciences or foreign languages, or topics which are specific to entrepreneurial education. The contents specific to general knowledge subjects are not correlated with contents studied for specialised training purposes. There are many instances of repetitive and overlapping contents. In addition, pupils of vocational and post-high school educational units do not have access to career information and counselling .

In 1995, the new Education Act re-introduced the relationship of social partnership between schools and social actors in the new economic context. However, the lack of a legal framework providing fiscal incentives still lessens the motivation of enterprises to invest in vocational training. Consequently, their involvement is infrequent. Facing serious economic problems and confronted with the necessity of cutting redundant labour force, big companies, which were obliged to sponsor the vocational education and training units under the communist regime, have reduced or even stopped their collaboration with the schools. Enterprises are only occasionally involved. A comprehensive human resource strategy is lacking. Most enterprises have no training fund, or only a very small one.[13]

Development of the vocational education and training system after 1996

At present, the Ministry of National Education is developing a new policy of education planning based on the delegation of some responsibilities to its territorial structures (school inspectorates). These draw up schooling plans based on the following criteria: labour force demand at the local level based on information provided by the General Labour and Social Protection Directorates, and contracts with various economic agents. However, the studies they make are not always realistic, due to both economic instability and the permanent changes taking place in the labour market. There are some cases where material and especially human resources are a priority for educational units. In other words, irrespective of the "intensity" of the demand for one job or another, some schools continue to train young people according to the qualifications that their teachers have for jobs that offer no real chances of employment on the labour market.

13 Since 1995 vocational and technical education has been included in a reform process supported by the EU/Phare vocational education and training RO 9405 programme. The general goal of the programme was to support the Government in accomplishing reform at this level of training to make it compatible with the best European practices and the exigencies of the market economy. One of the objectives of the Phare vocational education and training reform programme was to strengthen the social partners' involvement and the development of school-enterprise partnerships. The areas of co-operation supported by this programme are meant to involve economic partners in establishing the needs of vocational training, setting vocational training standards, the curriculum, the final performance evaluation of pupils, and accomplishing practical training strategies.

There are still many modifications to be made before the training system meets the demands of the labour market in terms of supplying the necessary human capital. Nonetheless, some changes have already occurred: less people are trained in areas for which there is no demand,[14] the list of profiles and jobs has grown and new specialisations have appeared. The educational units involved in the EU / Phare the vocational education and training RO 9405 programme (75 pilot and demonstration vocational schools) have developed and implemented new curricula, new training materials have been prepared and some schools have received new, modern equipment for practical training. Based on the results and experience derived from this pilot project, the Ministry of National Education plans to enlarge the reform to the whole vocational educational system and amendments to the Education Law are under discussion in Parliament.

Placement after training

It is difficult to follow up the job placements of young graduates. On the one hand, schools do not have explicit responsibilities for supervising the situation of students after they graduate, since external effectiveness is not a normal criterion for assessing the performance of an educational institution. On the other hand, the county General Directorates of Labour and Social Protection and the Labour Force and Unemployment Offices have information only on the number of graduates who benefit from social welfare measures, and passive and active employment measures. These measures include employment allowance, support allowance and subsidised employment (see Table A.25).

It is an indisputable fact, however, that the unemployment of graduates of various forms of initial vocational training – beginning with graduates of vocational schools and ending with those of higher education – has become a chronic phenomenon. It shows a tendency to become even worse and has powerful repercussions on economic and social development, on human resources training, and on demand for education, as well as on motivation for continuing education.

The occupational crisis and, in addition, the inability of some families to support their children's education, together with the inconsistency of the social welfare system in these cases and of active employment measures for graduates of the vocational system, prevent or discourage pupils from continuing their studies. As a result, some of them leave school prematurely, without any possibility of resuming their studies or being offered a "second chance". The share of school drop-outs was still high between 1993-97, varying between 5 and 6% in vocational education. The phenomenon is even more pronounced in apprenticeship schools – over 7%, compared to 5.6% in vocational schools, in 1997/98. The rates of drop-outs for specialised and theoretical high schools are 4.4% and 3.8% respectively. Over 70% of the total number of pupils in secondary education who abandon their studies come from vocational schools. As for theoretical high schools, generally attended by pupils with higher educational aspirations and the prospect of continuing their studies in higher education, and who come from families that are financially well off, the corresponding rate ranges between 21 and 28% (Table 6.2).

14 The profiles that are not in demand on the national or local labour market are such as: mechanics, chemistry, metallurgy and others, areas of activity that have been edged out with respect to market demand.

Table 6.2 Expenditures and Drop-out Rates by Type of Education, 1994-1998

	1995		1996		1997		1998	
	Expenditure per student	Drop-out rate	Expenditure per student	Drop-out rate	Expenditure per student	Drop-out rate	Expenditure per student	Drop-out rate
Completion of Primary Education at most (ISCED 0-2)	17.7	34.5	...	28.0	18.1	34.3	16.5	26.5
Completion of Secondary Education at most (ISCED 3)	25.7	61.2	...	67.7	21.1	61.3	22.2	64.4
Of which:								
Vocational Education at ISCED 3	42.3	...	...	78.4	44.3	71.6	44.4	74.8
General Secondary Education at ISCED 3	57.6	...	...	21.6	55.7	28.4	55.6	25.2
Tertiary Education (ISCED 5 and above)	56.9	4.3	...	4.3	60.8	4.4	61.3	9.1
Total	100	100	100	100	100	100	100	100

Source: For educational expenditures: Data calculated relying on the information provided by the Ministry of Finance and the Ministry of National Education and the following statistical reports:
Education in Romania; Statistical Data, 1996. NCS; Pre-primary education in school year 1996/1997, 1997/1998, NCS; Primary and lower secondary education in school year 1996/1997, 1997/1998, NCS; Upper secondary education in school year 1996/1997, 1997/1998, NCS; Vocational education and apprenticeship in school year 1996/1997, 1997/1998, NCS; Higher education in school year 1996/1997, 1997/1998, NCS; Special education (primary and lower secondary) in school year 1996/1997, 1997/1998, NCS.For drop-out rates: Data calculated relying on the information provided by NCS and the Ministry of National Education. For remarks on this table see Annex I.

One factor that explains some of these problems relates to the small amount of the GDP allotted to education. Although the Education Act of 1995 stipulates that at least 4% of the GDP be allotted to education, public expenses for this field of activity have continuously diminished in recent years (in 1998, less than 3%). By levels of education, the highest share of expenses per pupil/student is registered in higher education (approximately 60%), whereas only approximately 21-25% remains for secondary education. Within the latter, general secondary education is allotted a larger sum (55-57%) than vocational education - specialised high school, vocational and apprenticeship schools (42-44%).

The tendency towards lower participation in vocational education (vocational and apprenticeship schools), to which we referred earlier on, is also manifest at high school level. In other words, in recent years the demand for secondary education on the whole has been falling. An increase is noticeable, however, in the case of post-high school and higher education. The private system of education plays a major role in this sense. As a result of this growth, the rate of attendance of the population in the 14-19 and 20-24 age brackets is on the rise (Table 6.3).

Table 6.3 Vocational training by age groups. Participation in all education and in vocational education (percentages of population in relevant age groups), 1993 and 1997

	Vocational Education*		All education	
	1993	1997	1993	1997
14-19 years	31.3	32.3	54.3	59.3
20-24 years	1.9	4.6	9.8	16.4

Source: Data calculated. Education in Romania; Statistical Data,1994 NCS ; Quick Statistical Information nr.3/1997, NCS, 1997; Upper secondary education in school year 1997/1998, NCS; Vocational education and apprenticeship in school year 1997/1998, NCS; Higher education in school year 1997/1998, NCS. For remarks on this table see annex I.

6.2 *Continuing education and education for adults*

The Education Act also includes provisions on education for adults. Conceived as a component of the system of continuing education, education for adults is organised by the Ministry of National Education in collaboration with the Ministry of Culture and other relevant ministries, adult education colleges, cultural foundations, and various societies and institutions. Educational institutions may provide expertise and may organise programmes of continuing education, especially for adults or re-conversion purposes. At the same time, ministries, state controlled companies, trade companies, natural or legal persons may organise vocational training and further training courses for adults, in collaboration with educational units. The Ministry of National Education does not certify these courses, with the exception of programmes for social welfare and re-employment of the unemployed, organised in collaboration with the Ministry of Labour and Social Protection .

Subsequent amendments to the Education Act have brought additional provisions related to continuing education and education for adults. Consequently, Ordinance no. 36/1997 stipulates the following:

- Setting up of the National Council for Continuing Training and Education (which began to operate in February 1998);
- Specification of the role of the Ministry of National Education in elaborating the methodology of continuing training of the teaching staff as well as in the evaluation, accreditation and financing continuing training programmes (including vocational conversion).

Continuing vocational training

Although it is highly important in the context of economic restructuring, continuing vocational training is not the object of particular legislation.[15] Most regulations related to continuing vocational training are included in legislative acts that refer to other areas: social security, social welfare, employment of graduates, re-training of the unemployed and the social integration of persons with special needs.

According to continuing vocational training legislation, there are two major types of providers: public and private. The major organisers that belong in the public sector are: centres of education subordinate to the Ministry of National Education, and a continuing vocational training network subordinate to the Ministry of Labour and Social Protection which focuses mainly on the specific needs of the unemployed (see section 6.3 below).[16]

The organisers from the private sector include associations of employees, trade unions, foundations and non-profit NGOs, enterprises, and the Chamber of Commerce and Industry.

Persons wishing to acquire a higher level of education can go back to the education system and attend various levels: high school and higher education, short-term or long-term.

Funding

Romanian legislation does not oblige companies to allot funds for the continuing training of their employees and there are no fiscal facilities to encourage companies in this direction. However, there are several forms of co-operation between organisers of training programmes and growing companies. These refer, on the one hand, to components of company development strategies and, on the other hand, they are sometimes generated by unforeseen demands, imposed by market evolution.

6.3 Training the unemployed

A major step on the way to re-launching continuing vocational training activities was the passing of Law No. 1/1991 on Social Welfare and Vocational Training and Re-training for the Unemployed. Although it is limited to a single social category (the unemployed) this law once again highlighted the problem of continuing vocational training and its role in human resources development. The law obliges the state and private companies to set up continuing vocational training programmes for the unemployed.

The continuing vocational training network subordinate to the Ministry of Labour and Social Protection (MLSP), which focuses on the specific needs of the unemployed, comprises:

- 14 centres of vocational training, re-training and continuing training;

15 At present (June 1999) new legislative continuing vocational training-related initiatives are under debate:The law on permanent education (a joint initiative of the Ministry of Culture, the Ministry of Youth, the Ministry of Labour and Social Protection and the Chamber of Commerce and Industry); The law on continuing vocational training in educational institutions proposing a broader and more comprehensive system with regard to institutions that have responsibilities in continuing vocational training, compared to the one established by Law 1/1991 (centred mainly on training and retraining centres for the unemployed). This new legislative project perceives continuing vocational training in a more comprehensive manner, that of permanent education, in which the vocational, cultural and civic dimensions are blended in the form of unified programmes, institutions and policies.

16 There are also other training centres, specific to certain institutions and fields of activity (tourism, banks, army). These specialised centres are organised by the respective ministries.

- 3 continuing vocational training centres financed by the German Government, specialising in wood processing, construction and electronics;
- training and re-training centres organised by the Labour and Social Protection Directorates and the Labour and Unemployment Offices (LUO) in 27 counties that have no continuing vocational training centres.

The system of vocational training for the unemployed is intended to provide re-training, further training and re-employment for the registered unemployed, training costs being paid out of the Unemployment Fund. Courses organised for this purpose can also be attended by other categories of the population on condition that they cover the training costs.

Training activities are carried out on the basis of an annual frame programme, drawn up in each county with the support of the local labour directorates, and centralised at a national level. Training courses can be organised at the request of economic agents willing to hire unemployed persons, at the request of unemployed persons who wish to carry out an authorised activity or at the initiative of the local offices depending on labour force demand.[17]

Table 6.4 The number of unemployed included in (re)training and further training courses in the period April 1991 – June 1998 (%)

	Total no. of persons	Of whom unemployed:	
		number	%
Total no. of persons included in training, of whom:	283 501	163 271	57.3
■ Have completed the courses;	244 574	148 010	60.5
■ Attending courses;	26 810	10 01	37.7
■ Have interrupted the courses	12 127	5 160	42.5

Source: Statistics Bulletin on labour and social welfare no. 3(23) 1998.

In the period April 1991–June 1998, approximately 283 000 persons were included in the network of vocational training and retraining for the unemployed, over 57% of the total being unemployed persons receiving unemployment benefits (Table 6.4).

Compared with the number of unemployed registered at the end of each year, which indicated an increase, especially between 1991 and 1994, the rate of coverage in various forms of (re)training and further training was very low and showed a tendency to decrease even further, with some variations, in the period 1991-97 (Table 6.5 and Table A.26).

The reduced attendance of unemployed people in vocational training and retraining courses has multiple causes: lack of information, opposition to change, reticence with respect to professional mobility, personal reasons, etc. However, the following causes are even more important: the reduced internal efficiency of the system, and the inefficiency of the programmes, indicated by the low rate actually finding employment.

17 The National Agency for Employment and Vocational Training (established on 1 January 1999) and the National Council for Adult Education, a tripartite structure – government, employers, trade unions – (the draft law on establishing this Council is now under Parliamentary debate) are expected to play an important role in the development of continuing vocational training and human resources administration.

Table 6.5 Coverage rate of the unemployed in training, retraining and further training programmes in 1991-1997, %

Years	Total no. of registered unemployed	Unemployed involved in continuing training programmes	
		Number	%
1991	337440	10460	3.1
1992	929019	37432	4.0
1993	1164705	49470	4.2
1994	1223925	25478	2.1
1995	998432	22794	2.3
1996	657564	20409	3.1
1997	881435	16320	1.9

Source: Data calculated relying on information from Statistical Breviary on labour and social welfare, MLSP, 1998

Consequently, if on the average, during the entire period, the placement rate of graduates of various forms of (re)training and further training for the unemployed was 25%, there are considerable deviations from one year to the next, with respect to the average level. Moreover, the general tendency seems to be a decrease in the rate of placement for graduates as the crisis deepened. Large enterprises were forced not only to resort to lay-offs but also to reduce potential investments. Economic restructuring and privatisation have not led automatically to the extension of continuing vocational training – on the contrary; at the same time the rate of labour force absorption is falling (Tables 6.6 and 6.7).

Table 6.6 Re-integration rate of graduates on the whole and by forms of training organised by the Ministry of Labour and Social Policy (MLSP), 1991--June 1998, %

	Work (re)integration rate
Total number of graduates by forms of training of which:	25.0
■ At the request of economic agents	32.8
■ Based on forecasts	25.7
■ At the request of interested persons	20.3

Source: Calculations based on MLSP data.

Out of the total number of people included in training programmes in the period April 1991-June 1998, *women* and *young people* under 25 represent priority groups. The situation is not surprising if we take into account the share of these categories of the active population in the total number of unemployed, and the fact that rates of unemployment among women and young people are incomparably higher than their rates in the total population (Table A.27).

The qualifications supply and demand covers a very wide range and varies in time and space depending on concrete conditions. Although available data are variable, they allow, however, some remarks regarding the professional segments most affected. From an analysis of the 33 professions/trades with the highest frequency in (re)training and further training programmes (see Tables A.28, A.29, A.30), we draw the following conclusions:

- There is a zone of concentration for the entire period which comprises professions, trades, and specialisations such as: programmers, analysts, data operators and accountants, as well as textile workers, tailors, waiters, sales assistants, car mechanics and masons;
- Starting in 1996, in the context of maintaining the professional structure described above, new jobs and/or specialisations have emerged: computer operators/users, office automation (secretarial), computer-aided accounting, human resources administrators, social workers, a series of professions in constructions;
- There is some sporadic demand, reflecting temporary requirements.

Table 6.7 Number of graduates employed and employment rate, 1991- June 1998, %

	1991	1992	1993	1994	1995	1996	1997	1998*
No. of graduates employed	1265	6970	8070	6453	6030	6975	5357	2313*
Employment rate (%) total	34.5	22.0	16.4	20.6	18.6	20.2	13.3	10.6*
By forms of training:								
■ At the request of economic agents	88.7	84.3	77.7	44.7	30.6	23.8	17.2	12.4*
■ Based on forecasts	12.6	16.5	14.0	15.3	10.7	16.1	16.7	10.6*
■ At the request of interested persons	18.5	21.5	9.3	12.7	15.7	14.0	10.0	8.9*

Source: Calculations based on Statistical Breviary on labour and social welfare MLSP, 1998
** March 1998*

7. Labour Market Institutions

7.1 Government bodies

Major institutional changes have been in progress, especially since mid-1998, and will have a significant impact on the development and implementation of labour market policies in the very near future.

Before 1999, the Ministry of Labour and Social Protection was responsible for elaborating, implementing and monitoring policies in the field of employment, social insurance and occupational health and safety, including the administration of the social and unemployment fund. To carry out its programmes, the Ministry had an extensive network of local offices throughout the country. In each of Romania's 41 counties there is one County Directorate for Labour and Social Protection, which is the delegated authority of the Ministry in the judet; the municipality of Bucharest has seven district offices. All judet County Directorates include departments for labour (employment), social assistance and pension services, located in the capital and in the major localities of each county. Bearing in mind the local Labour and Unemployment offices, the total network exceeds170 labour offices, dealing with the registration of the unemployed, the payment of unemployment benefits, the registration of vacancies, and the organisation and delivery of active employment measures, in addition to about 50 social assistance and pension offices.

Recent institutional developments

According to the 1997-2000 Government Programme, the priorities will consist in developing the legal and institutional framework in order to promote employment and active labour employment policies. Training will also play a more important role. In this connection, a law on the establishment, organisation and operation of a National Agency for Employment and Vocational Training was passed in 1998. This new organisation, which has an administrative board with a tripartite structure, will be responsible at the national level for organising and co-ordinating labour employment and training activities as well as social protection for the unemployed. The Agency will administer the unemployment fund and it is expected that the employment measures financed will be better suited to the local labour market demand, more diversified and closer to the specific local needs At the local level, local agencies will be established in each county, as legal entities administered by local tripartite boards. These local units should act independently in analysing, selecting and financing active measures to meet the local demand. At the national and local level, the Agencies may contract out services to local suppliers (public and private) who are able to provide specialised active employment measures in line with labour market requirements. The staff, premises and equipment of the local Labour and Unemployment offices have been transferred to the administration of the National and Local Agencies. The Ministry of Labour and Social Protection is to collaborate with the National Agency for Employment and Vocational Training on a contractual basis.

The organisational charts of the National Agency for Employment and the Ministry of Labour are presented in Annex II.

The objectives of the Agency are as follows:

- To institute social dialogue in vocational training
- To apply vocational training strategies
- To apply social protection measures for the jobless.
- The main responsibilities of the Agency are:
- To provide employment services
- To provide and finance professional training services according to the demand of the labour market
- To provide career guidance for the jobless and act as mediator between them and employers
- To administrate the budget of the Unemployment Fund

In the same institutional context we should also mention the creation in 1998 of two further institutions: the Socio-Economic Council and the National Council for Continuing Training and Education.

Tripartite structure

The Socio-Economic Council, a tripartite structure, will play a consultative role for the Government. Among other responsibilities, the Council is involved in identifying and communicating to the Government socio-economic phenomena that imply changes in the existing law and regulations; in analysing the draft of laws and proposing changes if social aspects are concerned; and in making proposals for modifying the level of the minimum wage. The National Council for Continuing Education and Training will also play an advisory role in promoting adult vocational training policies and strategies. Being also a tripartite body, this structure has the following tasks:

- To approve drafts of normative acts related to vocational training and propose projects in the field
- To draw up vocational training studies and analyses
- To elaborate recommendations on the standard criteria for drawing up vocational training programmes
- To elaborate recommendations on the methodology and criteria of authorisation for providers of vocational training services
- To promote the use of western standards created by the Board of Employment standards and evaluation.

Regional development

In the context of regional development, we should mention that a Regional Development Board has been established at the national level and Regional Development Agencies are (or will be) created for each region (in the present situation, there are plans to establish seven so-called macro-regions, plus the Bucharest region, to cover all 41 counties). These Agencies will have the following responsibilities:

- To elaborate and apply the regional development strategies and programmes as well as the funds administration plan
- To identify underserved areas within the development region and provide specialised technical aid, making proposals for the financing of development programmes
- To administrate the regional development fund.

The regional development funds are administered by regional development agencies and can be financed by:

- The Regional Development Fund, established at the national level
- Contributions from local budgets
- Financial sources from the private sector, banks and international organisations.

The whole regional institutional set-up is just starting up, and in practice is not yet operational (beginning of 1999).

With technical and financial assistance from the World Bank, a Fund for Social Development was established by law in mid-1998. The Fund will focus on implementing programmes in the poorest localities and regions of Romania. In addition to the structures mentioned above, there are several NGOs, set up as foundations and associations, and acting at the national and local level. Some of the structures administer international funds provided by bilateral or multilateral programmes, including Phare funds; other NGOs only implement active employment measures or social programmes.

Public employment services

Mediation, advice, careers information and job-seeking techniques are currently provided by the staff of local Labour and Unemployment offices, as part of their daily activity. Initially, special resources, including technical equipment and trained staff, were allocated to this type of activity in very few offices. In general, mediation and advice were provided by the same persons who dealt with the registration of the unemployed and the distribution of unemployment benefits, which was the main priority of labour offices. By September 1993, labour offices had a client-staff ratio of 668 : 1, compared to an average of 100: 1 in OECD countries, and very few units had the necessary premises and equipment. Consequently, staff could barely keep up with the most basic activity of processing unemployment claims.

In recent years, the situation has been gradually improving mainly due to several international programmes providing technical and financial assistance for these kinds of activities. Labour offices have received new equipment and some staff have benefited from training programmes organised in Romania and abroad. However, in general, the offices continue to be understaffed and only a part of the personnel involved is really skilled and experienced in delivering mediation and careers guidance services. Significant differences still exist, in terms of professionalism and effectiveness, between the employment centres benefiting from international assistance programmes and those not supported by such projects.

The registration and matching of supply with employers' demands is generally carried out manually, and is time consuming and often inefficient. An electronic labour exchange system and supporting modern labour exchange methodologies is under testing and implementation with the support of the World Bank and the Government of Canada, initially in a few pilot centres; beginning in 1999, this is to be extended to a larger part of the local offices network. Communication and

contacts with employers are in many cases reactive, sporadic and superficial, not allowing a good and detailed understanding of the characteristics required for the existing vacancies. In general, both schools and labour offices lack a comprehensive, national source of career (occupational, educational, training, labour market) information. Career decisions are based more upon traditional family influence and examination results than informed choices. As a result, most youths and adults are exposed to incomplete and often inaccurate information on only a fraction of their actual career options.

Starting in 1999, employment services will be delivered by the newly created local Agencies for Employment. However, we must note that the human resources allocated are probably still inadequate, especially in the context of the increasing unemployment estimated for the coming period. For example, in 1999 it is planned that the total staff of local agencies and public implementation units will consist of around 4000 people. Considering that at the beginning of 1999 the number of registered unemployed was over 1 million persons, this means around 1 employee for 250 registered unemployed. Certainly, in order to have a better picture of the efficiency and effectiveness of employment service delivery, it will be necessary to set up clear indicators of achievement for the centres and personnel involved, and to monitor and evaluate the results achieved (which has not been the case in the past).

7.2 *Labour market regulations*

Since 1989 several changes have been implemented in the legislation related to the labour market, reflecting the necessity of building a new legal and institutional framework correlated with the new economic system.

The new 1991 Constitution grants the right of every individual to work and outlaws any discrimination related to gender, race, or religion. The Constitution also specifies the normal duration of the working day (8 hours) and stipulates the mandatory aspects of the collective labour agreements as well as the rights of the employees to benefit from the social protection of labour.

The Labour Code – the framework law for employment – dates from 1973 and is still in force, with some changes and amendments applied in the last nine years. The process of modernising the labour legislation initially focused on issues of income and working hours. In a second stage, the laws on collective labour contracts, the settlement of collective labour conflicts, and trade unions have been adopted.

According to the Romanian legislation, there are two contractual forms through which a person can have a labour relationship with a juridical entity. The first consists of the so-called "labour contract", which is regulated by the Labour Code; a person who has a labour contract is entitled to benefits from the social assistance system, including health and unemployment benefits. The second possibility is to have a "civil contract", which is regulated by the Civil Code. According to the law, a civil contract can be concluded only if the hired person is to work full-time for a maximum of three months, or for an unlimited period of time but for a maximum of three working hours per day. In the case of civil contracts, no social contributions are due and, obviously, persons are not entitled to any type of social assistance. Both types of contracts have to be registered at local employment offices. In practice it is difficult for the authorities to check the number of daily working hours and civil contracts are often used by employers to reduce labour costs.

The Ministry of Labour is considering modifying the legislation and a draft law has already been prepared. According to the new text, labour courts will be established and tougher measures will be

taken against employers who fail to respect the law and the employment contracts. Also, a new Labour Code is under preparation.

With regard to the legislation on unemployment and unemployment benefits, *the registered unemployed with compensation rights* are entitled to receive unemployment benefits for a maximum of 9 months and support allowance for a further 18 months. In addition, vocational integration benefits are available to school-leavers entering the labour market.

Apart from people in the above categories, Labour Force and Unemployment Offices also accept job applications from any individual of working age who is willing to work but is not provided with welfare/assistance status.

The two groups together make up the category of *persons seeking work*. The distinction is important when analysing the configuration of unemployment and the trends in its evolution by areas, from the perspective of the structure of job seekers and the sources of unemployment.

The system of compensations was introduced in 1991 and has been modified several times. In addition to the normal unemployment benefit system, a system of severance payments was introduced at a latter stage, in order to ease the restructuring process of state-owned companies. More details are presented in Annex III.

7.3 *Industrial relations*

The collective labour contracts are the main instrument regulating industrial relations. The law stipulates that a collective labour contract should be set up within a company if the number of employees is larger than 21 persons.

The following types of collective labour contracts are used in Romania:

The National Collective Labour Contract is subject to negotiation between Government and representative trade union federations. The contract sets up the general framework used during the negotiation process, establishing the main stipulations subject to a bargaining process between the legal representatives of the two parties. The contract represents the first stage of the negotiation process and establishes the main issues to be discussed later on. On a time scale this type of contract has to be approved first, at the beginning of the financial year.

The Collective Labour Contract at the national level concerning different industries (economic activities) is subject to negotiation between representative trade union federations and representative employer federations of the industry involved. According to the existing framework this type of contract establishes the minimum legal rights of each party in the industry in question. The stipulations of the contract may differ from one industry to another (i.e. a stipulation may refer to the employer/third party responsibility in offering fringe benefits or compensation to the employees). Generally speaking, this type of contract represents a development of the previous one.

The Labour Contract at the local (company) level is subject to negotiation between the representative trade union(s) in the company/group of companies involved and the representative employer federations. This type of contract sets up the minimum stipulations to be negotiated by each company/group of companies. The stipulations of this type of contract may differ from one company to another.

The Individual Labour Contract is subject to negotiation between the employer and each employee. This type of contract represents a development of the previous ones as well as an adaptation of them to a job description for each position.

From the point of view of income policy the major difference between the listed contracts is related to the ownership issue. Within the state-owned companies or mixed-owned companies (where the state still owns the major part of stocks, through the State Ownership Fund) the responsibility to approve the maximum wages fund lies with the administrative bodies (the General Committee of Stockholders). Once this maximum fund is approved it becomes subject to negotiation between the Management Council and the representative trade unions. In contrast, within the budgetary sector it is the Government that establishes the maximum wages fund, which is approved along with the Budgetary Law. Once the Budgetary Law has come into force, a special law (Law 154/1998) regulates the wages. This law creates the legislative framework that provides the basis for establishing the limits between which wages can vary, according to the individual performance of each employee. To measure and evaluate individual performance, the law offers a set of standards and norms that are used to assign a certain level of wages.

8. Labour Market Policies

In order to obtain a clearer picture of labour market policies and the changes that have occurred during the last nine years, it is necessary to take into consideration the institutional and legal framework and the developments in the use of the financial resources allocated to the implementation of passive and active measures. In the years immediately after 1990, actions focused on passive measures, namely on creating the legal and institutional framework for registering unemployment and for distributing unemployment benefits.

With regard to the legal and institutional developments, there is a clear approach towards institutionalising social dialogue and increasing the role of the social partners. As already mentioned in the previous chapter, several new structures are in the process of becoming operational, even though the legal and institutional process has been significantly delayed.

An analysis of the use of funds allocated from the unemployment fund is relevant in underlining different approaches in implementing labour market policies.

Several phases can be identified. The first phase, between 1992 and 1994, is characterised by the tendency to use the funds almost exclusively for financing passive measures, by a positive balance for the unemployment fund (which was used to cover part of the general consolidated budget deficit) and by insignificant expenditures on active measures. In 1995 and 1996, expenditures on active measures became more significant, especially due to the implementation of a financing scheme for small and medium-sized companies which create jobs. In the third phase, since 1997, expenditures on passive measures have started to increase significantly due to severance payments for laid off people, mainly in the mining sector. At present there is a risk that, in the very near future, the unemployment budget could register a significant deficit if the restructuring of mining and other sectors such as metallurgy, transport and energy production, continues as planned.

However, even when the general tendency was to increase the share of labour market measures, the general trend was negative for expenditures on vocational training, despite the growth of unemployment. The participation rate of unemployed people in professional training courses organised by local directorates of labour and social protection is very low, fluctuating between 4% (in 1992–93) and slightly over 2% in 1994.

In addition to the funds allocated by the Unemployment Fund, programmes of active employment measures have also been financed by internationally funded programmes.

Table 8.1 Expenses related to employment policies in Romania in Lei, % of the GDP, and share of total employment budget in the period 1991-1997

	1991	1992	1993	1994	1995	1996	1997	1998
Total expenditures (billion lei)		44.9	177.88	482.1	717.4	754.5	3 215.5	5 312
Total as % GDP	0.31	0.74	0.89	0.97	0.99	0.68	1.28	•••
Active policies as share of total employment budget , %	2.75	1.45	1.1	1.4	14.8	11.3	0.8	2.4
of which (total budget=100) %:								
▪ training and retraining of unemployed	1.9	0.78	0.6	0.26	0.2	0.4	0.4	0.4
▪ payment of graduates	0.85	0.67	0.5	1.1	0.6	0.64	0.25	0.8
▪ credits for SMEs	–	–	–	–	14.0	10.2	0.15	1.2
Other expenses[1]	35.4	20.2	10.1	10.4	14.2	30.2	16	16.6
Passive policies as share of total employment budget , %	61.8	78.4	88.7	83.7	68.8	58.5	83.3	81
of which (total budget=100) %:								
▪ unemployment benefit	61.8	70.8	62.0	60.6	28.6	24.3	19.4	25
▪ support allowance	-	8.0	26.7	22.1	31.9	26.5	6.7	9.3
▪ professional integration compensation		–	–	1.0	8.3	7.7	3.17	3.7
▪ severance payments	–	–	–	–	–	–	54	43
Compensation for home heating	–	–	–	4.3	2.2	–	–	–

Source: Own calculation based on data published by the National Commission for Statistics
1. "other expenditures " includes mainly those for social protection of the civilian staff working in the strategic units (industry of national defense and and public order) when they have a lack of orders for their products (Law no.80/ 1993 and Law 51 / 1994) and costs of managing the unemployment fund

8.1 *Passive labour market measures*

Passive labour market measures consist in providing unemployment benefits (initially for 6 months but later extended to 9 months), unemployment allowances (for a period of 18 months for unemployed persons still unable to find a job after 9 months), professional integration allowance (similar to unemployment benefit and granted to young graduates of higher and secondary education, as well as to vocational school graduates) and severance payments.

The system of compensations was introduced in 1991 and has been modified several times.

"Until 1996, the decrease in unemployment benefits, in proportion to the average salary, was greater than the decrease in the proportion between pensions and the net average salaries.

In 1995, unemployment benefits decreased below the level of the net minimum salary of the economy, in conditions where in 1996, this reached 35% of its real value compared to 1989.

Where the compensation for mass lay-off was added to the benefit, the system could be considered relatively reasonable, although the proportion of unemployed people below the poverty line is much larger than any other social group. However, it was proved that just maintaining unemployment benefit at a low level without other measures is insufficient. What is needed to stimulate the integration of those unemployed back into the legal work force is some active, comprehensive and aggressive measure, for otherwise they will be encouraged to join the grey economy." (1998 UNDP Report on Human Development)

In 1991, the ratio between the average level of the unemployment benefit and the net average income was 42.9%; it decreased to 28% in 1993 before reaching a level of 35.8% in 1994. After falling to 29.6% in 1996, in 1997 this ratio was 39.1%.

Table 8.2 Coverage of the unemployment benefit system 1991 – 1998, number and % of total registered unemployed

	TOTAL	Unemployment benefits[1]		Profesional integration allowances		Allowances		No financial support	
		Number	%of total	Number	%of total	Number	%of total	Number	%of total
Dec. 1991	332 311	257 597	77.5	-	-	0	0	74 714	22.5
Dec. 1992	897 588	602 957	67.2	-	-	208 211	23.2	86 420	9.6
Dec. 1993	1 164 705	549 785	47.2	-	-	516 059	44.3	98 861	8.5
Dec. 1994	1 223 925	504 284	41.1	-	-	564 066	46.1	155 575	12.7
Dec. 1995	998 432	317 142	31.7	-	-	457 079	45.8	224 211	22.4
Dec. 1996	657 564	202 233	30.7	-	-	259 457	39.4	195 874	29.8
Dec. 1997	881 435	333 219	37.8	104 825	11.9	217 959	24.7	225 432	25.5
March 1998	953 419	390 005	40.9	115 259	12.0	227 030	23.8	221 125	23.2
Dec. 1998	1 025 056	310 976	30.3	92 004	9.0	390 038	38.0	232 038	22.6

Sources: Ministry of Labour and Social Protection
[1] figures before 1997 include also persons receiving professional integration allowances

8.2 *Active labour market measures*

Active measures have been designed and implemented by the Ministry of Labour and Social Protection and by some non-governmental organisations. The funds have been provided by the unemployment fund or by international assistance programmes, and measures have been addressed both to people seeking work and to economic agents or institutes. The types of measures promoted have been:

- Mediation, advice and information concerning career and job opportunities
- Subsidies to stimulate the employment of young graduates
- Training in job-seeking techniques (job clubs)
- Vocational training

- Consultancy and assistance for business set-up or development
- Credit for SMEs providing jobs for the unemployed
- Grants for private companies creating new jobs, including subsidies for salaries
- Creation of new jobs through financing community and local infrastructure work
- Outplacement services.

In the years immediately after 1991, the active measures consisted mainly in employment services and training provided by the units of the Ministry of Labour and financed from the unemployment fund. Despite positive evolution in the last few years, there is still a significant need to improve the implementation of this type of measure (for more comments on employment services see Chapter 7.2 and for training of the unemployed see Chapter 6.3). According to the data provided by the Ministry of Labour and Social Protection, less than 10% of the registered unemployed each month have benefited from mediation services in the last two years (Table 8.3). However, in our opinion the figures for both vacancies identified by the staff of employment offices and mediated people are rather overestimated, since the Ministry of Labour and Social Protection lacks a clear mechanism and methodology for monitoring and evaluating this kind of activity.

Table 8.3 Number of vacancies identified by local staff of Ministry of Labour number of persons mediated and number of persons placed in jobs, 1998

	January 1997	July 1997	January 1998	April 1998	July 1998	October 1998	December 1998
Vacancies	33 524	66 713	48 582	54 911	59 649	53 604	31 852
Persons mediated	56 999	61 809	70 003	79 184	77 046	77 070	70 420
Persons placed	26 144	38 954	30 406	51 204	39 998	35 260	22 091
Out of which							
unemployed	8 581	22 068	9 327	27 553	14 078	14 297	7 284
% of placed unemployed in total placements	33	56	30.6	53.7	35	40	33
% of placed unemployed in total unemploment	1.2	3.0	1.0	2.9	1.6	1.6	0.7
Registered							
Unemployed	702 537	720 254	920 121	933 880	871 028	894 573	1 025 056

Source: Ministry of Labour and Social Protection

The diversification of active measures has become more significant starting in 1995, and several international programmes (Phare grants, World Bank loans and bilateral non-reimbursable assistance) have also addressed these issues. However, as a general rule, the funds from the unemployment fund have been used to finance only employment services, training for the unemployed and subsidies for school-leavers, while the other active measures and especially direct job creation projects have been financed mainly by international programmes. The only exception was the credit scheme for small private companies which provided subsidised loans for SMEs

providing jobs for the unemployed; this programme was also financed from the unemployment fund and implemented in co-operation with the banks. According to the statistics of the Ministry of Labour and Social Protection, 2 592 jobs were created in 1997 and 2 619 jobs in 1998, out of which around half for unemployed people.

Also, in order to increase employment and decrease the unemployment generated by the restructuring process, the Ministry of Labour and Social Protection (and since 1999 the National Agency for Employment and Vocational Training) is conducting a special programme of active employment measures amounting to a total of 8.5 million dollars, on the basis of a loan granted by the World Bank. The programme aims to finance pre-layoff services as well as post-layoff activities, including small business assistance and consulting, community job creation and public works, training and employment services.

In general, limited activities and resources have been allocated to evaluating the impact and effectiveness of active employment measures. The only positive exception is the Programme for Active Employment Measures (PAEM) financed by Phare with a total budget of 10 MECU and implemented by the International Management Foundation (FIMAN) between 1993 and 1997. According to the final evaluation report for the programme, job placement services have been included in more than 85% of the local PAEM and training activities in more than 70% (Ref. 21 – OMAS Consortium evaluation report). The same document points out that vocational training has proved to be the measure with the greatest chance of reducing unemployment. According to some preliminary data, the placement ratio for people who have participated in training courses varies around 60% - 70%. This result is rather surprising if compared with the results of training financed by the Ministry of Labour and might suggest that training remains an efficient type of action if local labour demand is properly identified. However, we must also note that the cost per trainee is higher in the case of PAEM than in courses financed from the Unemployment Fund.

8.3 *Industrial policies*

In the first years of transition, the general economic policy of the Government determined a low unemployment rate. In addition to the lack of clear and concrete measures for privatisation and restructuring, several resolutions were adopted encouraging early retirement. Unemployment was also maintained at a low level as a result of the creation and development of new private businesses, mainly in the trade sector; the development of new businesses was encouraged by legislation, exemptions from tax on profits being granted to newly established companies for periods of between 6 months and 5 years.

Due to an increased deficit in the internal debt and significant disequilibrium in international trade, and in the face of growing difficulties in ensuring tax collection (mainly due to large loss-making industrial companies and regies autonomes, which consistently fail to pay their contributions and taxes to the state budget), the fiscal legislation has changed repeatedly and inconsistently. Fiscal incentives for new investments, provided mainly to international investors, were cancelled in 1995. A new law entered into force in 1998 establishing equal treatment for domestic and international investors, but the new fiscal incentives granted have been suspended, mainly at the request of the IMF. The result has been that, from 1997 onwards, the pace at which new companies are created has been diminishing, and the private sector in general has been facing economic problems due to rigid fiscal and monetary policies. And all this in the context of massive lay-offs implemented or planned by the government in state-owned sectors such as mining, energy, metallurgy and transportation. Between 50 000 and 80 000 persons are expected to become unemployed in these sectors during 1999,

in addition to the lay-offs already carried out in 1997 and 1998. The major instrument used by the Government has been the introduction of redundancy payments, in addition to unemployment benefits and allowances. Starting in 1998 and especially in 1999, more funds will also be allocated for the implementation of active measures. These programmes will be financed mainly by international sources (World Bank and Phare Programme).

In order to encourage job creation in areas severely affected by unemployment, a Government Ordinance on "disadvantaged zones" was enacted at the end of 1998. The ordinance provides several incentives, mainly fiscal, to investments which will create jobs in these areas.

8.4 *Wage formation, social security and tax policies*

Concomitantly with price liberalisation, an income policy was introduced in order to compensate employees for the effects of inflation. Initially, a lump-sum compensation was introduced; later, a method of indexing based on the anticipated rate of inflation was adopted.

The Wage Law established a salary scale for commercial companies and regies autonomes, as well as promotion and employment criteria which are to be taken into consideration in negotiations for the collective labour contracts, which are valid for one year. In general, salaries are established through collective or individual negotiations between employees and employer. The main exceptions are the salaries of personnel from budgetary units and from specific regie autonomes, and also salaries of the legislative, executive and juridical authorities, which are set by law.

Income policies

The income policy in private companies is decided on by employers. There is no model at the national level and none of the existing laws regulates anything in this area. The income policy in the public sector has been modified recently by Law 154/1998. This law provides the legislative framework that creates the basis of a new income policy within the budgetary system by setting the limits of salaries in order to promote individual performance. The law offers a set of standards/norms for measuring and evaluating individual performance. These norms are used to measure the professional performance of individuals and to assign the corresponding wage level.

The evolution of minimum salary has constantly and permanently declined, reaching 26.5% of its real 1989 value by March 1997. The Government and the Trade Union Confederation set the minimum wage at the national level by a process of negotiation. The current level of the minimum wage is set at 350 000 lei per month (approx. US $ 24 at the exchange rate in March 1999) and, due to its very low value, represents in practice only a statistical indicator without any relevance for actual economic activity. Moreover, since 1998 there has been no legal correlation between the minimum wage and the level of integration allowances, the minimum level of unemployment benefits, and unemployment allowances.

Social security and taxes

With regard to the social protection system, major (and gradual) changes will be introduced in the system starting in 1999, a new law having already been approved by Parliament. Changes were imperative mainly in view of the financial difficulties faced by the Social Security Fund (which has registered increased deficits in recent years) and the state budget as a whole (the deficit of the Social

Security Fund is covered by a contribution from the national budget). The major changes consist in the raising of the retirement age, which will be 60 for women and 65 for men (from 57 and 62 respectively, before 1999) and in the introduction of private insurance funds to complement the state scheme.

The reform of the fiscal system is one of the major priorities of the Government, due to the persistent difficulties faced by state revenues. The total percentage of revenues in the GDP fell from 41.9% in 1991 (the highest level) to 30.7% in 1997; the tax revenues percentage curve similarly declined, from 35.5% in 1990 to 26.8% in 1997.

Within the structure of the consolidated state budget, direct taxation (of profits, wages, etc.) has the highest share, but shows a permanent declining trend: from 34.7% in 1990 to 32.2% in 1997. It should be noted that the contribution of taxes on wages has consistently been higher than the contribution of taxes on profits.

There are several explanations for this decline, for example, the diminishing of the tax base, the significant reduction in the number of employees, the chronic lack of financial discipline on the part of state-owned companies and regie autonomes, fiscal evasion and the weaknesses of state institutions in imposing budgetary discipline. The share of indirect taxes and fees (VAT, excise taxes, customs duties, etc.) in budget tax revenues has also dropped: 30.7% in 1990 and 29.6% in 1997.

In the face of budgetary problems, in the last few years the government's fiscal policies have been focusing on maintaining or increasing both direct and indirect taxation. In addition to the already mentioned increase of VAT from 18% to 22%, higher excises have been introduced for some products while the tax on profit has remained at the level of 38% (if profit is distributed as dividends, an additional tax of 10% applies). Beginning in 1999, the contribution for health insurance increased from 5% to 7% for both employees and employers. The only exception from the general trend was the reduction in the taxation of the highest salaries (the rate applied to the highest brackets decreased from 60% to 45%).

9. Conclusions

After a fluctuating evolution, in 1997 the Romanian economy entered a new negative phase that is still underway and whose impact on the population's economic conditions, employment level and expectations appears rather severe. The impact of the first eight years of transition from a command economy to a market driven one had already been very heavy. The decrease of 18% in GDP between 1989 and 1997 has been accompanied by an almost equal drop in employment. If , on the one hand, such a reduction has put a very heavy burden on the Romanian population, on the other it implies that the improvement in labour productivity, and therefore in the competitiveness of the economy, has been very modest or even insignificant, due to delays in implementing a clear and coherent reform in the economy, especially in the industrial sector.

High share of employment in agriculture

Romania presents a rather archaic structure of employment as compared with EU countries, characterised by very high shares of employment in agriculture (mainly) and industry. The growth of employment in services has been insignificant and localised mainly in trading. In the recent past, agriculture has acted as a "sponge" by absorbing part of the labour force made redundant from other activities as well as new entrants in the labour market. Agricultural employment has increased after 1989 and represents a very high percentage, almost 40%, of total employment. The high employment level in agriculture is the major explanation for the relatively low unemployment rate registered at the end of 1997 (6% for the population over 15 years). Even if detailed statistics are not available, it is rather obvious that productivity in this sector is very low. Agriculture contributes less than 20% of GDP and the incomes of agricultural workers are very low, comparable with unemployment benefits; the present share of agricultural employment certainly overestimates the needs of this sector. In the future, there is a high risk that unemployment and poverty will become even more significant in rural areas if no employment alternatives are created in these zones, especially in counties and regions where agriculture is the major contributor to GDP.

Restructuring and privatisation

The restructuring and privatisation of the industrial sector was initially very much delayed, but the process entered a new phase at the end of 1997. As a result of the reduction of subsidies provided to some of the industrial sectors, massive lay-offs began to take place or are being planned in sectors like mining, metallurgy and railways. The lay-offs are significant and, in some cases, located in small and mono-industrial areas, where the registered unemployment rate has suddenly risen from around 5% to more than 20%. Local and central institutions were unprepared to meet the problems, no alternative jobs have been created and very limited and short-term measures have been implemented (mainly passive payment of compensation). Recently, the Government has announced that it intends further job reductions and has also planned to implement active measures for combating unemployment, though resources have to be allocated mainly by international organisations (the World Bank, the European Commission). However, previous experience has

demonstrated that such programmes administered (and in some cases directly implemented) by public authorities have been significantly delayed.

The reduction of employment in industrial sectors and state-owned entities has not been balanced by the development of the new private sector. In addition to agriculture, in practice only budgetary sectors (public administration, education, health), trade and finance (still majority owned) have shown positive trends. Moreover, the economic developments in recent years have resulted in the creation mainly of jobs with low qualifications, while sub-sectors such as machinery and equipment, medical and optical instruments, and research and development have registered a negative turnover. The analysis of the sub-sectors that show a positive turnover reveals that jobs have been created mainly in poorly paid activities. This pattern is the result rather of distortions caused by the transition process and cannot be taken as an indication of the future needs of the Romanian economy in the coming years. The economy has not stabilised and employment trends have been determined mainly by a lack of employment alternatives.

Certainly, this creates difficulties and a large margin of uncertainty where the training needs of the coming period are concerned. This point has to be given serious consideration, especially in relation to the organisation and restructuring of the vocational education and training system, which has to be very flexible in order to adapt to real and specific local needs

New entrants

Unemployment rates in Romania are still characterised by relatively low values, but unemployment is significantly higher among young people. The unemployment rate for the 15–24 age bracket is almost three times as high as the average, and almost half of the unemployed are found in this age group. This is a clear indication that the Romanian labour market has not been able to provide sufficient job opportunities for new entrants. On the other hand, long-term unemployment is more significant for middle-aged groups, and training and retraining measures will probably target these categories in the very near future. There are also a few "traditional" pools of unemployment, located mainly in the north-east and east of Romania.

Job creation

In the last few years, practically no coherent plans and actions have been considered for job creation within the general policy designed and implemented by the Government. The high level of payroll taxation and lack of incentives for new investments do not support the development of the private sector and the increasing of employment. There is no clear co-operation among all the central institutions whose policies and actions have an impact on employment and the labour market in general. Despite positive developments in recent years, information, mediation and placement services are still poor. Set up within local units of the Ministry of Labour and Social Protection (before 1999), no clear and distinct resources were allocated for this type of activity. Services were provided by local staff, who were insufficient in number, sometimes lacked training and had registration and the payment of unemployment benefits as their main priorities. The information system of the Ministry of Labour and Social Protection, including the local units, is inadequately developed; this assessment applies to the system of collecting, processing and disseminating information on labour market opportunities, but is also partly valid for the registration of the unemployed. A similar assessment can be made of the information system within the Ministry of Education.

Recently, major changes have occurred in the institutional framework: new institutions were established in mid-1998 or at the beginning of 1999, at a time when the pressure on the labour market is significantly increasing. The professionalism of the staff and co-operation among these institutions will be crucial in ensuring the design and implementation of efficient and effective labour market policies.

Vocational education and training

In the first years of the transition, initial vocational training continued to be supply-oriented, rigid, centralised and poorly adapted to the real needs of the labour market. The system offered practically no chance to pupils who did not complete their compulsory education, despite the fact that drop-outs increased significantly after 1989. There is no (or only limited) correspondence with the structure of the labour market at either the national or the local level. However, during 1995–98, a pilot reform project was implemented with good results mainly in curricular development, the development of local partnerships and the provision of greater freedom to local schools. In addition, some schools received new equipment and training materials. Based on the results achieved, a more comprehensive reform is planned. However, implementation and results will also depend on the allocation of financial resources (which has become an increasing problem in recent years).

Enrolment in vocational and apprenticeship schools exhibits a stable negative trend. However, recent graduates of the vocational education and training system have performed better in the labour market than graduates of theoretical high schools. Practical training is still poor, due to the lack of premises and equipment and also due to a low level of interest in co-operation on the part of companies.

There is no legislation and no coherent policy on continuing vocational training: programmes carried out and measures taken have a reactive character, as they are adopted in periods of crisis or only with regard to vulnerable categories of the population. The system lacks evaluation and accreditation criteria for trainers and in general, the existing institutional structures are not adapted to the real needs of an economy undergoing a process of transformation.

Finally, we should mention that as a result of demographic changes in the past (the fall in the birth rate), in the immediate future the Romanian labour market is favoured by a situation of potential demographic equilibrium between entries and exits. Certainly, in practice, this potential equilibrium will be significantly influenced by restructuring measures implemented in industrial sectors and by the necessity of transforming agriculture from a subsistence to a competitive sector.

Social peace

Within this socio-economic context, the Romanian Government has to increase the speed of reform, which will result in a further fall in the standard of living, which is already low. Ensuring social peace will be a major factor in the successful implementation of the new phase of the reform. This objective will require a judicious allocation of resources and the development of specific actions targeted towards the sectors, areas and social groups that will be most affected in the immediate future, when the re-launching of the economy will be insufficient to absorb the negative effects.

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11. Sources Consulted

Data sources and limitations

In preparing the study, two major information sources have been used:

AMIGO (*"Ancheta asupra fortei de munca in gospodarii"*) is the Romanian Quarterly Labour Force Survey. The first survey was carried out by the National Commission for Statistics in 1994 as a pilot research study. In 1995 the second survey was conducted with an improved questionnaire and in 1996 the survey became quarterly. Definitions used by AMIGO are, in general, standard ILO definitions, with the exception of agricultural individual workers and unpaid family workers involved in agriculture. For the latter categories, employment includes persons working at least 15 hours in the reference period (the week before the interview). Labour Force Survey provides data on the distribution of employment and unemployment by sectors, age, areas, type of ownership and group of professions and covers only the national level.

Administrative sources, namely the National Commission for Statistics (for employment) and other relevant governmental bodies, mainly the Ministry of Labour and Social Protection (for information related to registered unemployment and statistics on active and passive measures financed from the Unemployment Fund, including training for the unemployed) and the Ministry of Education (for statistics on education). In addition to the Quarterly Labour Force Survey, the National Commission for Statistics also runs an annual enterprise survey used for estimating employment and the results are included in a separate annual analysis – the Labour Force Balance; employment at the end of each year is calculated based on data from the above mentioned survey and using information on the self-employed recorded by the Ministry of Finance. According to the Labour Force Balance, employment includes everyone carrying out a socio-economic activity, except military staff and other employees with military status (military staff of the Ministry of Defence, Ministry of Domestic Affairs, Romanian Intelligence Service, conscripts), employees of political and community organisations and convicts.

The availability of reliable and / or comparable data was the major difficulty faced during the preparation of this study. Part of the information needed for a comprehensive analysis of the labour market and vocational educational system is either still missing or is not structured according to the requirements of the Terms of Reference. Time series using ILO definitions can only be used in practice starting with 1996, information provided by 1994 and 1995 Labour Force Surveys being not fully comparable. As a result, an analysis of labour market evolutions between 1989 and 1996 is only possible on the basis of data collected and distributed by administrative sources. This is the reason why this study considers both types of statistics. In addition, even after 1996, at the local (county) level, only information provided by administrative sources is available.

There are significant differences between the figures provided by the two sources of information mentioned. There are several explanations for these discrepancies.

The first one certainly consists in the difference between the definitions and methodologies used for collecting and processing information (for example, as already mentioned, employment according to the Labour Force Survey includes also military forces, unlike the employment definition used in the Labour Force Balance).

The second explanation comes from the fact that Romania has a significant percentage of the active population employed in agriculture. In cases of agricultural employment, the border between "employed" and "unemployed" is more difficult to define clearly, so that the debate on the level of unemployment in Romania is not only related to the question of how reliable statistics are but also to how much hidden unemployment exists in agriculture. Employment in agriculture is also a cause of seasonal variations in total employment and the active population as registered by Labour Force Survey statistics. The values recorded for the second and the third quarter of each year are significantly higher as compared mainly with the first quarter, and this obviously has an important impact on the yearly average values as presented in the tables of this study. If we compare figures presented in Tables A.7 and A.8 it is easy to observe significant differences in the case of agricultural employment between the two sources, and also the high seasonal variations reflected by the Labour Force Survey.

The third explanation could certainly come from the existence of a "black" labour market, which can be, at least partly, identified and included in the figures provided by the Labour Force Surveys.

The most comprehensive source of information is represented by the Census, the last being carried out in January 1992. We should mention that the definitions used for registering the active and employed population are not identical to those of Labour Force Surveys. The major difference is related to agricultural employment. According to the Census methodology, the active agricultural population includes only employed persons during 1991 who pursued permanent or seasonal agricultural activity; persons involved only occasionally (temporarily) in agricultural work, especially in private households, and who also declared another economic status (for example retired, housekeeping women, pupils, students, occupied in other economic or social activity) have not been included. The result is that employment in agriculture is significantly under-evaluated if compared with the agricultural employment registered by the Labour Force Balance for 1991 and 1992 (and compared also with the agricultural employment registered by Labour Force Surveys for the whole 1994-98 period).

Annex 1 - Tables

Table A.1 Economic development, 1990-1997

	1989	1990	1991	1992	1993	1994	1995	1996	1997
GDP evolution (1989=100)	100	94.4	82.2	75	76.1	79.1	84.7	88.0	82.1
Annual growth rate of GDP (%)	-5.8	-5.6	-12.9	-8.8	1.5	3.9	7.1	3.9	-6.6
Yearly inflation rate (%)	1.1	5.1	170.2	210.4	256.1	136.7	32.3	38.8	154.8
Yearly growth of the real average net salary (%)	–	4.5	-18.4	-13.0	-16.7	0.4	12.5	9.4	-22.7
GDP per capita lei, current prices	–	36 966	95 057	264 565	880 487	2 189 697	3 180 444	4 794 441	11 077 398
GDP per capita, -dollars at purchasing power parity	–	3 414	–	–	3 643	3 790	4 070	4 244	3 975
Employment for age group 15-64 years, Labour Force Survey (LFS)[4] (thou)	–	–	–	9 454.2[1]	–	10 044[2]	10 174[2]	10 039[3]	10 099[3]
Employment LFS[4] – yearly changes for age group 15-64 (%)	–	–	–	–	–	–	1.3	-1.3	0.6
Employment, labour force balance (tho)	–	10 839.5	10 785.8	10 458.0	10 062.0	10 011.6	9 493.0	9 379.0	9 022.7
Employment, labour force balance , yearly changes (%)	–	–	- 0.5	-3.0	-3.78	-0.5	-5.17	-1.2	-3.8
ILO Unemployment rates (15-64), %	–	–	–	–	–	8.8[2]	8.6[2]	7.3[3]	6.5[3]
ILO Unemployment rate, population over 15 years (%)	–	–	–	–	–	8.2[2]	8[2]	6.2[3]	6.0[3]
Registered unemployment rate (%)	–	–	3	8.2	10.4	10.9	9.5	6.6	8.8
Labour productivity per employee in industry, yearly changes (%)	–	–	-15	-13	9	15	14	11	-2

Source: 1998 UNDP Report on Human Development (for GDP and inflation), Labour Force Survey and own calculation based on data provided by National Commission for Statistics

Note:

1. *According to 1992 Census; employment in agriculture includes only persons working 6 months or more within one year*
2. *First age group considered from 14-24 years (March 94, March 95);*
3. *Annual average values;*
4. *In order to calculate the employed population in agriculture the LFS methodology took into account only persons that worked at least 15 hours during the reference period (previous week of the interview).*

Tab A.2 Structural changes in the economy – yearly changes, %

	1990	1991	1992	1993	1994	1995	1996	1997
Total production in agriculture	7	-2.8	-12.5	12.1	0.3	4.1	0.4	-1.28[4]
Total empl. in agriculture, LFS[2,3] (thousands)	–	–	2 278.4[1]	–	4 261.0	4 497.6	4 150.8	4 311.0
Changes in agric. total employment (LFS)	–	–	–	–		5.5	-7.7	3.8
Total empl. in agriculture[5], (thousands)	3 144	3 205	3 443	3614	3 647	3 265	3 320	3 384
Changes in total employment in agriculture[5]	–	1.9	7.4	4.9	0.9	-10	1.7	1.9
Total production in industry	-22	-16.1	-13	3.1	5.8	9	7.3	-7.8[4]
Total empl. in industry (LFS)[2] (thou.)	–	–	4 595.7	–	3 585.7	3 452.0	3 447.3	3 370.9
Changes in ind. total employment[2]	–	–	–	–	–	-3.7	-0.14	-2.2
Total empl. in industry[5] (thou.)	4 711	4 304	3 880	3 604	3 445	3 193	3 216	2 889
Changes in ind. total employment[5]	–	-8.6	-9.8	-7.1	-4.4	-7.3	0.7	-10
Labour productivity per employee in industry (without construction sector)	–	-15	-13	9	15	14	11	-2
Total production in service sector	-	-8.3	-1.1	-2.6	2.4	12.7	10.2	
Total employment in services[2], LFS (thou.)	–	–	2 983.5	–	3 067.2	3 202.5	3 337.3	3 336.8
Changes in employment in service sector[2]	–	–	–	–	–	4.4	4.2	0
Total employment in services[5] (thou.)	2 985	3 277	3 135	2 844	2 919	3 035	2 843	2 750
Changes in employment in service sector[5]	–	9.8	-4.3	-9.2	2.6	3.9	-6.2	-2.4

Sources: for production, own calculation based on data published by the National Commission for Statistics. For employment, Labour Force Surveys and the Census

Note:

1. employment according to 1992 Census. According to the methodology used, employment in agriculture considers only persons who worked 6 months or more during the previous year (1991) which resulted in under estimation of the agricultural employment

2. employment according to LFS, considering all employed persons over 15 years. March 1994, March 1995 and annual averages for 1996 and 1997.

3 agricultural employment according to LFS methodology considers only persons working at least 15 hours in the reference period (the week before the interview)

4. only estimations, not final data; industry without construction sector

5. data according to Labour Force Balance

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Table A.3 Average net wage per sector/branch of industry, lei

	1990	1991	1992	1993	1994	1995	1996	1997
Agriculture	3 587	6 752	17 151	49 053	112 922	171 148	254 194	469 680
Industry	3 333	7 499	20 508	62 388	146 999	227 469	350 039	693 437
▪ *Mining*	4 429	10 883	31 675	98 900	233 535	335 917	487 360	975 494
▪ Manufacture	3 224	7 088	18 824	56 484	131 950	207 942	323 337	628 815
▪ Energy	3 969	10 020	30 947	97 115	228 765	317 502	471 698	1 055 735
▪ Construction	3 749	7 981	21 438	64 189	164 945	224 855	332 082	617 101
Trade	2 936	6 857	18 075	52 751	124 038	168 777	250 282	459 497
Transportation	3 764	8 850	25 229	71 548	166 573	253 344	397 682	772 902
Financial Services	3 180	8 562	29 785	85 571	234 287	389 521	659 092	1 482 926
Public administration and defense	3 790	8 206	20 973	62 663	149 888	225 914	304 649	608 716
Education	3 262	7 408	18 735	54 337	132 361	194 772	275 597	539 919
Health and Social Activities	3 262	7 983	19 760	55 067	126 183	161 252	229 743	46 344
Other branches	2 725	5 747	14 703	45 011	113 796	156 041	251 638	412 334
Average monthly real salary, lei	3 217	2 627	2 285	1 902	1 910	2 150	2 354	1 818
Average monthly net salary, lei	3 381	7 460	20 140	59 717	141 951	211 373	321 169	632 086

Source: National Commission for Statistics

Table A.4 Net salary differentials per branches (national average of monthly salaries = 100)

	1990	1993	1994	1995	1996	August 1997	Variation 1990-97
Industry:							
Mining	131	166	165	159	152	153	22
Food processing	90	99	97	99	101	101	11
Textiles	88	73	71	71	74	73	-15
Construction	83	75	74	74	73	85	2
Wood processing	80	85	78	81	82	73	-7
Chemical products	105	113	111	121	123	121	16
Metallurgy	111	121	123	130	134	144	33
Metal processing	96	89	89	97	96	95	-1
Machinery	100	99	94	100	109	102	2

	1990	1993	1994	1995	1996	August 1997	Variation 1990-97
Industry							
Electrical machines	98	92	93	101	106	102	4
Automotive	104	106	105	117	125	112	8
Furniture	87	87	80	84	82	82	-5
Electricity, water	117	163	161	150	147	150	33
Other sectors:							
Agriculture	106	82	80	81	79	74	-32
Construction	111	107	116	106	103	105	-6
Transport	111	120	117	120	124	126	15
Post and communications	89	110	115	126	120	138	49
Trade	87	88	87	80	78	80	-7
Hotels and restaurants	84	70	69	69	67	72	-12
Financial	94	143	165	184	205	237	143
Education	96	91	93	92	86	68	-28
Health and social assistance	96	92	89	76	72	77	-19
Public administration	112	105	106	107	95	87	-25
Total	*100*	*100*	*100*	*100*	*100*	*100*	
Industry	*99*	*104*	*104*	*108*	*107*	*109*	*10*

Source: Economical study for Romania - OECD 1998

Table A.5 Population, employment, unemployment and main labour market indicators by area and age - 1996

	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Urban							
15-19	1,105,592	115,633	96,702	212,335	10.5	19.2	45.5
20-24	958,028	482,173	141,277	623,450	50.3	65.1	22.7
25-29	1,137,601	878,751	87,123	965,874	77.2	84.9	9.0
30-34	805,100	667,662	50,701	718,363	82.9	89.2	7.1
35-39	1,065,590	900,889	59,488	960,377	84.5	90.1	6.2
40-44	1,107,553	928,480	53,163	981,643	83.8	88.6	5.4
45-49	859,242	688,490	30,184	718,674	80.1	83.6	4.2
50-54	574,828	385,727	16,211	401,938	67.1	69.9	4.0
55-59	601,812	212,515	6,045	218,560	35.3	36.3	2.8
60-64	518,407	72,968		72,968	14.1	14.1	
65-69	434,351	35,604		35,604	8.2	8.2	
70-74	313,928	14,931		14,931	4.8	4.8	
75+	323,260	6,049		6,049	1.9	1.9	
Total 64+	1,071,539	56,584		56,584	5.3	5.3	
Total 15-64	8,733,753	5,333,288	543,145	5,874,182	61.1	67.3	9.2
Total	9,805,292	5,389,872	543,145	5,930,766	55.0	60.5	9.2
Rural							
15-19	835,014	313,336	70,468	383,804	37.5	46.0	18.4
20-24	894,002	600,657	74,101	674,758	67.2	75.5	11.0
25-29	804,970	629,414	40,045	669,459	78.2	83.2	6.0
30-34	459,468	374,510	18,197	392,707	81.5	85.5	4.6
35-39	513,567	427,873	15,362	443,235	83.3	86.3	3.5
40-44	545,641	455,356	11,469	466,825	83.5	85.6	2.5
45-49	582,695	489,657	8,181	497,838	84.0	85.4	1.6
50-54	543,234	432,449	5,698	438,147	79.6	80.7	1.3
55-59	702,283	510,367	3,017	513,384	72.7	73.1	0.6
60-64	719,259	472,251		472,251	65.7	65.7	
65-69	649,612	401,045		401,045	61.7	61.7	
70-74	520,354	272,007		272,007	52.3	52.3	
75+	519,865	166,739		166,739	32.1	32.1	
Total 64+	1,689,831	839,791		839,791	49.7	49.7	
Total 15-64	6,600,132	4,705,870	247,724	4,952,408	71.3	75.0	5.0
Total	8,289,963	5,545,661	247,724	5,792,199	66.9	69.9	4.3

Source: Labour Force Survey

Annex A.5 continuation - Population, employment, unemployment and main labour market indicators by gender and age -1996

	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Males							
15-19	990,723	265,136	83,843	348,979	26.8	35.2	24.0
20-24	945,814	633,273	106,421	739,694	67.0	78.2	14.4
25-29	984,446	838,283	63,226	901,509	85.2	91.6	7.0
30-34	640,113	573,939	31,221	605,160	89.7	94.5	5.2
35-39	792,033	714,752	36,227	750,979	90.2	94.8	4.8
40-44	823,330	738,498	35,484	773,982	89.7	94.0	4.6
45-49	712,800	632,491	20,486	652,977	88.7	91.6	3.1
50-54	542,579	437,588	13,261	450,849	80.6	83.1	2.9
55-59	616,751	411,965	6,823	418,788	66.8	67.9	1.6
60-64	575,631	291,015		291,015	50.6	50.6	
65-69	489,009	219,259		219,259	44.8	44.8	
70-74	349,721	143,261		143,261	41.0	41.0	
75+	313,671	79,896		79,896	25.5	25.5	
Total 64+	1,152,401	442,416		442,416	38.4	38.4	
Total 15-64	7,624,218	5,536,940	396,992	5,933,932	72.6	77.8	6.7
Total	8,776,619	5,979,356	396,992	6,376,348	68.1	72.7	6.2
Female							
15-19	949,882	163,832	83,327	247,159	17.2	26.0	33.7
20-24	906,217	449,557	108,957	558,514	49.6	61.6	19.5
25-29	958,125	669,882	63,942	733,824	69.9	76.6	8.7
30-34	624,455	468,234	37,677	505,911	75.0	81.0	7.4
35-39	1,266,641	614,009	38,623	652,632	48.5	51.5	5.9
40-44	829,863	645,338	29,138	674,476	77.8	81.3	4.3
45-49	729,138	545,656	17,879	563,535	74.8	77.3	3.2
50-54	575,484	380,589	8,647	389,236	66.1	67.6	2.2
55-59	687,344	310,918	2,239	313,157	45.2	45.6	0.7
60-64	662,035	254,204		254,204	38.4	38.4	
65-69	594,954	217,391		217,391	36.5	36.5	
70-74	484,561	143,677		143,677	29.7	29.7	
75+	529,453	92,891		92,891	17.5	17.5	
Total 64+	1,608,968	453,959		453,959	28.2	28.2	
Total 15-64	7,709,667	4,502,219	390,429	4,892,648	58.4	63.5	8.0
Total	9,318,635	4,956,178	390,429	5,346,607	53.2	57.4	7.3

	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Males and females							
15-19	1,940,605	428,968	167,170	596,138	22.1	30.7	28.0
20-24	1,852,031	1,082,830	215,378	1,298,208	58.5	70.1	16.6
25-29	1,942,571	1,508,165	127,168	1,635,333	77.6	84.2	7.8
30-34	1,264,568	1,042,173	68,898	1,111,071	82.4	87.9	6.2
35-39	2,058,674	1,328,761	74,850	1,403,611	64.5	68.2	5.3
40-44	1,653,193	1,383,836	64,622	1,448,458	83.7	87.6	4.5
45-49	1,441,938	1,178,147	38,365	1,216,512	81.7	84.4	3.2
50-54	1,118,063	818,177	21,908	840,085	73.2	75.1	2.6
55-59	1,304,095	722,883	9,062	731,945	55.4	56.1	1.2
60-64	1,237,666	545,219		545,219	44.1	44.1	
65-69	1,083,963	436,650		436,650	40.3	40.3	
70-74	834,282	286,938		286,938	34.4	34.4	
75+	843,124	172,787		172,787	20.5	20.5	
Total 64+	2,761,369	896,375		896,375	32.5	32.5	
Total 15-64	15,333,885	10,039,159	787,421	10,826,580	65.5	70.6	7.3
Total	18,095,254	10,935,534	787,421	11,722,955	60.4	64.8	6.7

Source: Labour Force Survey

Table A.6 Population, employment, unemployment and main labour market indicators by area and age - 1997

	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Urban							
15-19	1,093,262	91,408	82,685	174,093	8.4	15.9	47.5
20-24	1,004,759	486,239	123,884	610,123	48.4	60.7	20.3
25-29	1,164,521	887,283	87,607	974,890	76.2	83.7	9.0
30-34	779,075	643,886	42,574	686,460	82.7	88.1	6.2
35-39	1,003,611	844,796	53,611	898,407	84.2	89.5	6.0
40-44	1,136,688	954,592	50,516	1,005,108	84.0	88.4	5.0
45-49	914,483	732,790	32,878	765,668	80.1	83.7	4.3
50-54	590,579	389,965	15,044	405,009	66.0	68.6	3.7
55-59	585,069	208,454	5,845	214,299	35.6	36.6	2.7
60-64	527,997	78,322		79,723	14.8	15.1	
65-69	442,310	35,360		35,827	8.0	8.1	
70-74	324,596	16,064		16,355	4.9	5.0	

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	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Urban							
75+	336,637	8,184		8,184	2.4	2.4	
Total 64+	1,103,543	59,608		60,366	5.4	5.5	
Total 15-64	8,800,044	5,317,735	496,804	5,813,780	60.4	66.1	8.5
Total	9,903,587	5,377,343	496,804	5,874,146	54.3	59.3	8.5
Rural							
15-19	790,766	309,967	50,985	360,952	39.2	45.6	14.1
20-24	893,177	611,241	70,575	681,816	68.4	76.3	10.4
25-29	838,018	665,696	32,812	698,508	79.4	83.4	4.7
30-34	465,829	377,416	18,047	395,463	81.0	84.9	4.6
35-39	497,734	421,881	12,005	433,886	84.8	87.2	2.8
40-44	542,455	462,831	9,250	472,081	85.3	87.0	2.0
45-49	580,016	492,932	7,426	500,358	85.0	86.3	1.5
50-54	534,537	436,299	4,939	441,238	81.6	82.5	1.1
55-59	658,534	500,659	3,129	503,788	76.0	76.5	0.6
60-64	713,711	502,883		502,883	70.5	70.5	
65-69	649,605	413,740		413,740	63.7	63.7	
70-74	527,941	297,038		297,038	56.3	56.3	
75+	535,276	180,093		180,093	33.6	33.6	
Total 64+	1,712,822	890,871		890,871	52.0	52.0	
Total 15-64	6,514,778	4,781,804	209,674	4,991,478	73.4	76.6	4.2
Total	8,227,600	5,672,675	209,674	5,882,349	68.9	71.5	3.6

Source: Labour Force Survey

Table A.6 continuation - Population, employment, unemployment and main labour market indicators by gender and age - 1997

	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Males							
15-19	961,064	236,667	67,258	303,925	24.6	31.6	22.1
20-24	977,854	646,843	99,935	746,778	66.1	76.4	13.4
25-29	1,008,619	854,661	60,111	914,772	84.7	90.7	6.6
30-34	630,181	563,375	30,818	594,194	89.4	94.3	5.2
35-39	752,191	683,528	30,304	713,832	90.9	94.9	4.2
40-44	833,395	750,319	30,725	781,044	90.0	93.7	3.9
45-49	738,265	656,212	23,048	679,260	88.9	92.0	3.4
50-54	546,707	441,362	13,132	454,494	80.7	83.1	2.9
55-59	587,118	395,791	7,049	402,840	67.4	68.6	1.7
60-64	574,745	309,517		310,683	53.9	54.1	
65-69	492,168	226,066		226,461	45.9	46.0	
70-74	361,332	152,203		152,494	42.1	42.2	
75+	324,308	87,682		87,682	27.0	27.0	
Total 64+	1,177,808	465,951		466,637	39.6	39.6	
Total 15-64	7,610,139	5,538,277	364,232	5,901,823	72.8	77.6	6.2
Total	8,787,947	6,004,228	364,232	6,368,460	68.3	72.5	5.7
Female							
15-19	922,964	164,707	66,412	231,119	17.8	25.0	28.7
20-24	920,082	450,637	94,524	545,160	49.0	59.3	17.3
25-29	993,920	698,318	60,308	758,626	70.3	76.3	7.9
30-34	614,724	457,927	29,803	487,730	74.5	79.3	6.1
35-39	749,155	583,149	35,312	618,461	77.8	82.6	5.7
40-44	845,749	667,104	29,041	696,145	78.9	82.3	4.2
45-49	756,233	569,510	17,255	586,765	75.3	77.6	2.9
50-54	578,408	384,901	6,852	391,753	66.5	67.7	1.7
55-59	656,485	313,321		315,247	47.7	48.0	
60-64	666,963	271,689		272,154	40.7	40.8	
65-69	599,745	223,033		223,295	37.2	37.2	
70-74	491,205	160,899		160,984	32.8	32.8	
75+	547,606	100,595		100,595	18.4	18.4	
Total 64+	1,638,556	484,527		484,874	29.6	29.6	
Total 15-64	7,704,684	4,561,263	342,246	4,903,161	59.2	63.6	7.0
Total	9,343,240	5,045,790	342,246	5,388,035	54.0	57.7	6.4

	Population	Employment	Unemployment	Labour Force	r.o.e.	r.o.a.	r.o.u.
Males and females							
15-19	1,884,028	401,374	133,670	535,044	21.3	28.4	25.0
20-24	1,897,936	1,097,480	194,459	1,291,938	57.8	68.1	15.1
25-29	2,002,539	1,552,979	120,419	1,673,398	77.6	83.6	7.2
30-34	1,244,905	1,021,302	60,621	1,081,924	82.0	86.9	5.6
35-39	1,501,346	1,266,677	65,616	1,332,293	84.4	88.7	4.9
40-44	1,679,144	1,417,423	59,766	1,477,189	84.4	88.0	4.0
45-49	1,494,498	1,225,722	40,303	1,266,025	82.0	84.7	3.2
50-54	1,125,115	826,263	19,984	846,247	73.4	75.2	2.4
55-59	1,243,603	709,112	7,049	718,087	57.0	57.7	1.0
60-64	1,241,708	581,206		582,837	46.8	46.9	
65-69	1,091,913	449,099		449,756	41.1	41.2	
70-74	852,537	313,102		313,478	36.7	36.8	
75+	871,914	188,277		188,277	21.6	21.6	
Total 64+	2,816,364	950,478		951,511	33.7	33.8	
Total 15-64	15,314,823	10,099,540	706,478	10,804,984	65.9	70.6	6.5
Total	18,131,187	11,050,018	706,478	11,756,495	60.9	64.8	6.0

Source: Labour Force Survey

Table A.7 Total employment by sector 1990-1997 (thou)

	1990	1991	1992	1993	1994	1995	1996	1997	Evolution 97/90 (%)
TOTAL	10 751	10 697	10 377	9 985	9 925	9 415	9 308	8 918	83
Agriculture - total	3 055	3 116	3 362	3 537	3 561	3 187	3 249	3 288	107.60
Industry - total	4 711	4 304	3 880	3 604	3 445	3 193	3 216	2 889	61.30
▪ mining	259	277	272	259	256	250	250	184	71.00
▪ manufacturing	3 613	3 372	2 865	2 606	2 456	2 293	2 302	2 079	57.50
▪ energy	133	154	164	165	170	171	189	187	140.60
▪ construction	706	501	579	574	563	479	475	439	62.20
Services - total	2 985	3 277	3 135	2 844	2 919	3 035	2 843	2 741	91.80
▪ trade	538	699	754	585	636	865	772	801	148.90
▪ hotels and restaurants	186	213	175	131	136	123	116	129	69.40
▪ transport	667	594	556	497	462	458	448	405	60.70
▪ post and telecommunication	97	96	93	95	94	98	99	100	103.10

	1990	1991	1992	1993	1994	1995	1996	1997	Evolution 97/90 (%)
■ financial services	39	44	57	66	59	71	71	73	187.20
■ public administration	88	99	113	117	125	131	125	130	147.70
■ real estate and other services	388	421	441	417	438	324	257	198	51.00
■ education	411	426	432	432	437	437	441	426	103.60
■ health and social sector	320	311	306	308	333	333	337	315	98.40
■ other branches	251	374	208	196	199	195	177	164	65.30
Share of employment in:									
■ agriculture (%)	28.40	29.10	32.40	35.40	35.90	33.90	34.90	36.90	
■ industry (%)	43.80	40.20	37.40	36.10	34.70	33.90	34.60	32.40	
■ services (%)	27.80	30.60	30.20	28.50	29.40	32.20	30.50	30.70	

Source: National Commission for Statistics, Labour force balance

Table A.8 Employment by ownership type of job, gender and activities of national economy

	1996				1997				1998	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Employment - total	9 895 586	11 410 481	11 542 607	10 893 480	10 443 918	11 338 908	11 557 505	11 451 741	10 292 544	11 226 265
Quarterly change		15.3%	1.2%	-5.6%	-4.1%	8.6%	1.9%	-0.9%	-10.1%	9.1%
Employment in:										
Agriculture	3 227 609	4 658 929	4 676 050	4 040 678	3 596 626	4 577 541	4 842 450	4 376 632	3 736 488	4 658 713
Industry	3 383 586	3 451 976	3 484 165	3 469 740	3 438 594	3 393 715	3 337 779	3 579 059	3 244 088	3 192 354
Services	3 068 373	3 069 798	3 160 044	3 175 509	3 188 416	3 159 461	3 167 424	3 273 276	3 112 474	3 157 412
Other activities	216 018	229 778	222 348	207 553	220 282	208 191	209 852	222 774	199 494	217 786
Employment in private sector	4 294 344	5 752 917	5 927 853	5 335 785	4 970 661	5 953 865	6 274 017	5 863 542	5 302 491	6 352 644

Source: Labour Market Survey - AMIGO

Table A.9 Total ILO employment (over 15 years) - thou

	1994[1]	1995[1]	1996[2]	1997[2]	1998[3]
Total	10 914	11 152	10 935	11 050	10 954
Yearly change (%)	-	2.18	-1.95	1.05	-0.87
Women	5 041	5 125	4 956	5 045	5 290
Yearly change (%)	-	1.67	-3.30	1.80	4.86
Female share of total employment (%)	46.19	45.96	45.32	45.66	48.29
Men	5 872	6 026	5 979	6 004	6 053
Yearly change (%)	-	2.62	-0.78	0.42	0.82
Male share of total employment (%)	53.8	54.0	54.7	54.3	55.3
empl. agriculture / total empl. (%)	39.1	40.3	37.9	39.0	40.2
fem. empl. agr./total empl. agr. (%)	52.1	52.6	50.6	50.7	50.2
empl. industry /total empl. (%)	32.8	30.9	31.5	30.5	29.4
fem. empl. ind. / total empl. ind. (%)	37.1	36.1	36.7	36.1	36.4
empl. ervices / total empl. (%)	28.1	28.8	30.6	30.5	30.4
fem. empl. serv. / total empl. serv (%)	48.7	47.3	47.6	48.7	48.9

Source: Labour Force Survey. Agricultural employment includes persons working at least 15 hours in the week before the interview
Note
1 First age group considered from 14-24 years (March 94, March 95);
2 Annual average values;
3 Average values for the first three quarters.

Table A.10 Employment by professional status and sectors of national economy in 1997

	Employees	Entrepreneurs	Self-employed	Unpaid family workers	Member of production cooperatives	Total
Agriculture	427 466	*	1 979 800	1 854 128	45 833	4 307 227
Industry	2 816 756	15 363	57 941	12 116	*	2 902 176
Constructions	424 125	7 793	33 631	*	*	465 549
Service						
■ total (%)	3 078 395	118 689	138 046	20 125	*	3 355 255
■ out of which (%) trade (%)	696 448	95 375	73 086	17 548	*	882 457
TOTAL	6 746 742	141 845	2 209 418	1 886 369	45 833	11 030 207
Percentage composition						
Agriculture (%)	6.3	*	89.6	98.3	100	39.0
Industry (%)	41.7	10.8	2.6	0.6	*	26.3
Constructions (%)	6.3	5.5	1.5	*	*	4.2
Service						
■ total (%)	45.6	83.7	6.2	1.1	*	30.4
■ out of which (%) trade (%)	10.3	67.2	3.3	0.9	*	8.0
TOTAL	100	100	100	100	100	100
Percentage composition						
Agriculture (%)	9.9	*	46.0	43.0	1.1	100
Industry (%)	97.1	0.5	2.0	0.4	*	100
Constructions (%)	91.1	1.7	7.2	*	*	100
Service						
■ total (%)	91.7	3.5	4.1	0.6	*	100
■ out of which (%) trade (%)	78.9	10.8	8.3	2.0	*	100
TOTAL	61.2	1.3	20.0	17.1	0.4	100

** data computed by extension are not reliable due to the small number of observed cases*
Source: -Labour Market Survey - AMIGO

Table A.11 Employment by educational level, gender, area and age group - 1998 - Q1

Gender Areas / Groups of age	Employment Total	Educational level: Long duration university [1]	Short duration university (colleges)	Specialized or technical foremen post high school	High school	Vocational complementary or apprenticeship	High school first cycle	Gymnazium	Primary	No education
TOTAL										
15-24 years	1 319 565	16909	9215	37621	429 862	300 305	152 531	317 941	47 037	8 143
25-34 years	2 509 233	171 948	61 608	83 063	993 944	659 621	295 147	208 549	29 974	5 377
35-49 years	3 714 141	282 497	151 397	285 045	910 177	1 047 240	189 424	708 919	126 007	13 435
50-54 years	773 705	70 466	34 072	66 544	91 086	134 551	11 415	221 793	136 847	6 930
55-59 years	616 380	39 140	19 528	32 904	33 475	69 872	6 948	206 519	188 315	19 679
60-64 years	502 279	16 791	5 151	13 086	17 970	27 936	2 249	148 210	240 597	30 288
65 years and over	857 242	10525	*	3366	11808	11 031	3394	237 361	429 670	85 415
TOTAL	10 292 544	608 227	282 645	521 629	2 488 322	2 250 557	661 107	2 049 293	1 261 448	169 267
share in total (%)		5.9	2.7	5.1	24.2	21.9	6.4	19.9	12.3	1.6
MALE										
15-24 years	787 966	5 997	4 654	13 912	222 268	218 847	77 365	201 318	36 833	6 771
25-34 years	1 407 594	80 064	34 130	45 667	487 839	469 935	148 711	117 026	19 451	4 770
35-49 years	2 006 133	157 971	87 468	176 198	403 554	754 898	75 327	290 174	52 858	7 685
50-54 years	417 574	32 719	21 100	42 298	36 933	110 783	6 993	111 837	52 464	2 446
55-59 years	364 585	28 742	13 431	24 587	18 728	61 731	3 186	123 158	83 077	7 944
60-64 years	289 367	14 185	5 151	11 865	12 289	25 604	*	99 325	110 390	8 643
65 years and over	444 533	9 627	*	2 992	10 462	10 676	*	140 640	249 923	17 543
MALE - total	5 717 750	329 305	166 712	317 519	1 192 075	1 652 474	315 389	1 083 479	604 996	55 802
share in total (%)		5.8	2.9	5.6	20.8	28.9	5.5	18.9	10.6	1.0
FEMALE										
15-24 years	531 599	10 912	4 562	23 709	207 594	81 458	75 166	116 623	10 204	*
25-34 years	1 101 639	91 884	27 477	37 397	506 105	189 686	146 436	91 523	10 523	*
35-49 years	1 708 008	124 526	63 930	108 847	506 623	292 342	114 096	418 744	73 150	5 750
50-54 years	356 131	37 747	12 973	24 246	54 153	23 768	4 422	109 957	84 382	4484
55-59 years	251 796	10 398	6 097	8 317	14 747	8 141	3 762	83 361	105 238	11 734
60-64 years	212 912	2 606	*	*	5 680	2 332	*	48 886	130 207	21 645
65 years and over	412 709	*	*	*	*	*	*	96 721	242 747	67 872
FEMALE-total	4 574 794	278 972	115 933	204 111	1 296 247	598 082	345 718	965 815	656 451	113 465
share in total (%)		6.1	2.5	4.5	28.3	13.1	7.6	21.1	14.3	2.5

[1] *including post universitary*
Source: Labour Market Survey - AMIGO

Table A.11 Employment by educational level, gender, area and age group - 1998 - Q1, continued

Gender Areas / Groups of age	Employment Total	Educational level: Long duration university 1)	Short duration university (colleges)	Specialized or technical foremen post high school	High school	Vocational complementary or apprenticeship	High school first cycle	Gymnazium	Primary	No education
URBAN										
15-24 years	552940	13376	7666	29452	262551	136272	41664	53718	8241	*
25-34 years	1494275	161556	54882	68541	719421	323453	102482	50813	10487	2649
35-49 years	2457871	265114	136577	246624	736193	689953	96750	256687	27160	2813
50-54 years	376864	65383	28418	57476	65702	80325	4082	57862	16284	*
55-59 years	187630	34677	15119	26894	19322	37055	3401	36422	13122	*
60-64 years	64952	15087	3748	7925	7961	6158	*	11828	11343	*
65 years and over	47422	9059	*	*	3683	*	*	15063	13861	*
URBAN-total	5181954	564251	247372	438592	1814833	1274413	249194	482392	100489	10417
share in total (%)		10.9	4.8	8.5	35.0	24.6	4.8	9.3	1.9	0.2
RURAL										
15-24 years	766652	3533	*	8169	167311	164032	110867	264223	38796	8143
25-34 years	1014958	10393	6725	14523	274524	336168	192665	157736	19496	2728
35-49 years	1256270	17383	14820	38420	173984	357287	92674	452232	98847	10622
50-54 years	396841	5082	5654	9068	25384	54227	7333	163931	120562	5599
55-59 years	428750	4464	4409	6009	14153	32818	3547	170097	175193	18061
60-64 years	437327	*	*	5162	10008	21778	*	136383	229254	29837
65 years and over	809820	*	*	*	8125	9834	3030	222298	478809	83859
RURAL - total	5110590	44025	35272	83037	673488	976144	411913	1566901	1160958	158850
share in total (%)		0.9	0.7	1.6	13.2	19.1	8.1	30.7	22.7	3.1

1) including post universitary
Source: Labour Market Survey - AMIGO

Table A.12 Total employment by sector and age group - 1997

	Total	15-24	24-34	35-49	50-64	65+
Agriculture	4 237 508	597 600	548 203	838 290	1 327 249	926 166
Sylviculture, forestry and hunting	64 405	8 519	17 691	27 922	10 273	*
Pisciculture and fishery	6 918	*	3 366	3 552	*	*
Minning and quarring	225 261	20 233	88 818	95 257	20 953	*
Manufacturing	2443 617	258 564	729 145	1 220 699	229 144	6 065
Electric and thermal energy, gas and water	234 123	15 744	74 181	111 100	33 098	*
Constructions	466 317	68 514	131 190	197 983	68 630	*
Trade	882 600	172 586	288 201	338 192	80 177	3 444
Hotels an restaurants	161 098	32 301	51 039	62 329	15 429	*
Transport and storage	448 717	35 396	141 895	217 681	53 745	*
Mail and telecommunications	109 248	8 807	37 965	49 874	12 602	*
Financial, banking and insurance activities	90 033	7 024	32 038	41 191	9 780	*
Real estate and other services mainly for enterprises	166 521	14 896	52 007	75 772	23 846	*
Public administration and defense, compulsory social assistance	499 648	162 701	133 863	161 740	41 344	*
Education	435 591	36 217	90 719	207 628	98 061	2 966
Health and social assistance	358 490	33 351	90 998	171 618	60 167	2 356
Other activities of national economy	212 864	25 597	62 963	88 995	31 260	4 049
TOTAL	11 042 959	1 498 050	2 574 282	3 909 823	2 115 758	945 046
Percentage composition						
Agriculture	38.4%	39.9%	21.3%	21.4%	62.7%	98.0%
Sylviculture, forestry and hunting	0.6%	0.6%	0.7%	0.7%	0.5%	*
Pisciculture and fishery	0.1%	*	0.1%	0.1%	*	*
Minning and quarring	2.0%	1.4%	3.5%	2.4%	1.0%	*
Manufacturing	22.1%	17.3%	28.3%	31.2%	10.8%	0.6%
Electric and thermal energy, gas and water	2.1%	1.1%	2.9%	2.8%	1.6%	*
Constructions	4.2%	4.6%	5.1%	5.1%	3.2%	*
Trade	8.0%	11.5%	11.2%	8.6%	3.8%	0.4%
Hotels an restaurants	1.5%	2.2%	2.0%	1.6%	0.7%	*
Transport and storage	4.1%	2.4%	5.5%	5.6%	2.5%	*

	Total	15-24	24-34	35-49	50-64	65+
Mail and telecommunications	1.0%	0.6%	1.5%	1.3%	0.6%	*
Financial, banking and insurance activities	0.8%	0.5%	1.2%	1.1%	0.5%	*
Real estate and other services mainly for enterprises	1.5%	1.0%	2.0%	1.9%	1.1%	*
Public administration and defense, compulsory social assistance	4.5%	10.9%	5.2%	4.1%	2.0%	*
Education	3.9%	2.4%	3.5%	5.3%	4.6%	0.3%
Health and social assistance	3.2%	2.2%	3.5%	4.4%	2.8%	0.2%
Other activities of national economy	1.9%	1.7%	2.4%	2.3%	1.5%	0.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage composition						
Agriculture	100.0%	14.1%	12.9%	19.8%	31.3%	21.9%
Sylviculture, forestry and hunting	100.0%	13.2%	27.5%	43.4%	16.0%	*
Pisciculture and fishery	100.0%	*	48.7%	51.3%	*	*
Minning and quarring	100.0%	9.0%	39.4%	42.3%	9.3%	*
Manufacturing	100.0%	10.6%	29.8%	50.0%	9.4%	0.2%
Electric and thermal energy, gas and water	100.0%	6.7%	31.7%	47.5%	14.1%	*
Constructions	100.0%	14.7%	28.1%	42.5%	14.7%	*
Trade	100.0%	19.6%	32.7%	38.3%	9.1%	0.4%
Hotels an restaurants	100.0%	20.1%	31.7%	38.7%	9.6%	*
Transport and storage	100.0%	7.9%	31.6%	48.5%	12.0%	*
Mail and telecommunications	100.0%	8.1%	34.8%	45.7%	11.5%	*
Financial, banking and insurance activities	100.0%	7.8%	35.6%	45.8%	10.9%	*
Real estate and other services mainly for enterprises	100.0%	8.9%	31.2%	45.5%	14.3%	*
Public administration and defense, compulsory social assistance	100.0%	32.6%	26.8%	32.4%	8.3%	*
Education	100.0%	8.3%	20.8%	47.7%	22.5%	0.7%
Health and social assistance	100.0%	9.3%	25.4%	47.9%	16.8%	0.7%
Other activities of national economy	100.0%	12.0%	29.6%	41.8%	14.7%	1.9%
TOTAL	100.0%	13.6%	23.3%	35.4%	19.2%	8.6%

**data computed by extension are not reliable due to the small number of observed cases*
Source: Labour Market Survey - AMIGO

Table A.13 Private employment by activity

	1996				1997				1998	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Private employment - total	4294344	5752917	5927853	5335785	4970661	5953865	6274017	5863542	5302491	6352644
Yearly change										
Employment in:										
Agriculture	2828405	4241906	4277478	3655632	3205474	4190204	4459065	3980639	3425970	4338962
Sylviculture, forestry and hunting	8697	7823	12323	18867	16513	10007	12556	12768	15161	11872
Pisciculture and fishery	*	*	3792	*	*	2335	2542	*	*	*
Mining and quarring	*	2667	*	*	*	2052	4762	2952	*	7356
Manufacturing	437517	438014	487755	504011	540640	514553	559586	567356	614307	655706
Electric and thermal energy, gas and water	2915	7506	3757	3426	8330	6387	3787	6705	12333	7390
Constructions	144075	202858	216916	195414	189506	224544	224957	229490	201784	217146
Trade	570876	536902	591919	643584	655093	645418	662171	696527	693315	728978
Hotels an restaurants	75027	87618	93754	81152	87468	109220	106438	107314	82394	90847
Transport and storage	76256	81614	91415	100291	103814	88874	89611	97136	84434	97013
Mail and telecommunications	8023	6664	5766	6037	6081	8151	6242	7367	7017	9611
Financial, banking and insurance activities	11192	14541	12987	12334	13768	17104	15531	15523	13577	12761
Real estate and other services mainly for enterprises	35490	32744	37505	32158	41869	38344	36910	40065	45690	53219
Public administration and defense, compulsory social assistance	*	*	*	*	*	*	*	*	6009	7271
Education	9758	9655	6226	9172	11346	6323	5980	7628	9709	10329
Health and social assistance	11388	12310	14056	10895	11772	15797	15650	15145	19330	19978
Other activities of national economy	74725	70095	72204	62812	78987	74552	68229	76927	71461	84205

Source: Labour Market Survey - AMIGO

Table A.13 Private employment by activity; females

	1996				1997				1998	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Private employment - females	2081454	3004858	3070951	2662485	2427533	3059022	3237018	2957006	2574644	3223776
Yearly change										
Employment in:										
Agriculture	1438163	2341849	2357437	1928954	1661244	2282662	2445710	2126525	1719645	2311081
Sylviculture, forestry and hunting	*	*	*	*	*	*	*	*	*	*
Pisciculture and fishery										
Mining and quarring										
Manufacturing	220283	225214	244710	249526	261956	249469	266390	277094	317082	335144
Electric and thermal energy, gas and water	*	2167	*	*	*	*	*	*	2498	*
Constructions	18851	24955	22918	24598	21307	29433	23557	27080	27014	23785
Trade	280380	279488	309598	345440	349503	337194	352943	374840	364558	387578
Hotels an restaurants	47939	51603	57016	48540	51310	67840	67282	67198	49500	60173
Transport and storage	6066	9030	8490	8722	7081	9482	10246	8578	7744	10158
Mail and telecommunications	*	*	*	*	*	3198	*	*	*	2943
Financial, banking and insurance activities	4620	8018	5268	5765	8613	10663	8157	9217	9723	8004
Real estate and other services mainly for enterprises	16709	13119	17538	18196	15489	15716	18545	17619	22055	23846
Public administration and defense, compulsory social assistance	*	*	*	*	*	*	*	*	3158	3902
Education	4274	6159	3098	3424	4367	3134	2967	3333	2869	5138
Health and social assistance	8206	10665	9197	5421	6736	10407	10472	9416	12556	13224
Other activities of national economy	35963	32591	35681	23899	39927	39824	30749	36106	36242	38800
Source: Labour Force Survey							Source:	Labour	Market	Survey

Source: Labour Market Survey - AMIGO

Annex A.14 Changes in employment according to the size of companies, 1992 - 1996

CITI Rev 3	Sector	Changes in employment						Changes in number of employers				
		Total		0-9 employees	10-49 employees	50-249 employees	250 employees and over	Total	0-9 employees	10-49 employees	50-249 employees	250 employees and over
A. Sectors with loses in employment												
36	Manufacture of furniture; manufacturing N.E.C.	-103 356	-43.4	1 815	2 469	11 375	-119 015	702	513	117	99	-27
17	Manufacture of textiles	-96 033	-34.0	1 617	2 479	11 646	-111 775	883	709	119	101	-46
60	Land transport; transport via pipelines	-83 251	-22.8	4 228	4 416	19 735	-111 630	4 227	4 049	198	158	-178
29	Manufacture of machinery and equipment	-57 073	-16.7	307	1 756	5 607	-64 743	105	-3	85	45	-22
74	Other business activities	-39 006	-36.4	4 616	2 968	4 419	-51 009	3 874	3 747	130	27	-30
35	Manufacture of other transport equipment	-33 813	-28.3	267	552	1 188	-35 790	95	72	25	7	-9
28	Manufacture of fabricated metal products, except machinery and equipment	-32 792	-22.8	1 710	5 886	10 236	-50 624	980	621	293	88	-22
27	Manufacture of basic metals	-26 920	-14.1	147	562	1 379	-29 008	141	104	21	15	1
26	Manufacture of other non-metallic mineral products	-25 723	-17.1	688	1 470	6 138	-34 019	281	166	74	51	-10
11	Extraction of crude petroleum and natural gas	-23 585	-23.0	11	150	475	-24 221	13	5	6	2	0
31	Manufacture of electrical equipment and aparatus	-22 862	-24.9	361	478	2 265	-25 966	149	108	26	18	-3
33	Manufacturers of medical, precision and optical instruments, watches and clocks	-17 206	-45.9	176	506	979	-18 867	78	49	27	8	-6
45	Construction	-15 041	-3.2	6 103	21 975	65 157	-108 276	2 716	301	1 015	520	-120
24	Manufacture of chemicals and chemical products	-14 886	-10.0	640	1 707	4 487	-21 720	288	184	74	36	-6
73	Research and development	-14 711	-22.3	-152	-38	8 055	-22 576	-15	-26	-8	30	-31
Total partial		-606 258	-21.3	22 534	47 306	153 141	-829 239	14 517	11 599	2 202	1 225	-509

CITI Rev 3	Sector	Changes in employment						Changes in number of employers					
		Total		0-9 employees	10-49 employees	50-249 employees	250 employees and over	Total	0-9 employees	10-49 employees	50-249 employees	250 employees and over	
													B. Sectors with additional jobs
20	Manufacture of wood and products of wood and cork, except furniture	42 064	105.0	4 242	6 908	6 567	24 347	2 139	1 715	346	68	10	
51	Wholesale trade and retail trade, except of motor vehicles and motorcycles	32 221	19.8	26 476	17 696	22 054	-34 005	32 195	31 206	865	207	-83	
18	Manufactures of wearing apparel; dressing and dyeing of fur	27 805	16.1	3 266	7 407	24 556	-7 424	1 599	1 028	340	221	10	
52	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	25 193	6.2	121 433	39 119	29 546	-164 905	105 947	103 474	2 350	290	-167	
40	Electricity, gas, stream and hot water supply	23 679	15.4	25	248	4 773	18 633	42	6	8	33	-5	
50	Sale, maintenance and repair of motor vehicles and motorcycles, retail sale of automobile fuel	17 692	45.3	9 124	8 821	10 455	-10 708	8 197	7 657	454	91	-5	
63	Supporting and auxiliary transport activities; activities of travel agencies	4 911	15.0	-109	-466	2 283	3 203	199	214	-28	14	-1	
92	Recreational, cultural and sporting activities	3 441	15.6	439	838	3 262	-1 098	632	558	35	34	5	
41	Collection, purification and distribution of water	3 317	6.2	14	184	3 871	-752	25	-4	5	29	-5	
64	Post and telecommunication	2 564	2.7	410	1 904	3 606	-3 356	293	177	87	30	-1	
85	Health and social work	1 114	46.3	502	625	-13	0	1 318	1 280	38	0	0	
62	Air transport	988	22.7	-6	-40	386	648	-1	-4	-1	2	2	
22	Publishing, printing and reproduction of recorded media	660	2.6	1 098	3 172	3 890	-7 500	578	409	134	44	-9	
70	Real estate activities	308	2.6	472	732	1 769	-2 665	391	346	42	14	-11	
93	Other service activities	99	0.4	3 260	-641	1 934	-4 454	5 131	5 162	-31	6	-6	
Total partial		186 056	14.9	170 646	86 507	118 939	-190 036	158 685	153 224	84 644	1 083	-266	
To remember:													
Total variation 1992-1996		-544 571	-10.6	210 765	163 689	322 798	-1 241 823	181 820	171 719	8 308	2 706	-913	
Level of 1992		5 121 637		184 861	182 307	266 503	4 487 966	129 731	113 866	9 792	2 548	3 525	

Source: Economical study for Romania - OECD 1998
Based on data provided by National commission for Statistics (administrative data for employment)

Table A.15 Employment, production and productivity 1992 - 1996

	INDUSTRY Sub-branches	Employment variation	Increase as percentage (%)			Employment structure as percentage		Structure of industrial production (%)	
			Employment	Production	Productivity	1992	1996	1990	1996
11	Extraction of crude petrolium and natural gas	-23585	-23.0	-4.7	23.8	3.2	2.9	6.8	3.6
10	Mining of coal and lignite	-8066	-6.7	7.1	14.7	3.8	4.2	1.0	2.2
13	Mining and metal ores	-7638	-12.2	5.4	20.0	2.0	2.0	0.5	0.4
14	Other mining and quarrying	-6544	-25.2	-16.4	11.8	0.8	0.7	0.6	0.5
36	Manufacture of furniture	-103356	-43.4	184.3	402.6	7.5	4.9	2.2	2.7
17	Manufacture of textiles	-96033	-34.1	-19.8	21.7	8.9	6.8	6.8	3.3
29	Manufacture of machinery and equipment	-57073	-16.7	54.9	85.9	10.8	10.5	9.3	5.6
35	Manufacture of other transport equipment	-33813	-28.4	25.5	75.3	3.8	3.1	2.3	1.7
28	Manufacture of fabricated metal products, except machinery and equipment	-32792	-22.8	-3.7	24.8	4.5	4.1	4.1	3.0
27	Manufacture of basic metals	-26920	-14.1	31.2	52.8	6.0	6.0	8.5	10.4
26	Manufacture of other non-metallic mineral products	-25723	-17.1	8.2	30.6	4.7	4.6	3.5	3.9
31	Manufacture of electrical machinery and apparatus	-22862	-25.0	163.7	251.4	2.9	2.5	2.5	2.3
33	Manufacture of medical, precision and optical instruments, watches and clocks	-17206	-45.9	64.1	203.4	1.2	0.7	1.1	0.5
24	Manufacture of chemicals and chemical products	-14886	-10.0	-1.4	9.6	4.7	4.9	7.3	7.8
15	Manufacture of food products and beverages	-13510	-4.7	-3.2	1.5	9.1	10.1	14.4	17.1
25	Manufacture of rubber and plastic products	-13482	-21.8	-5.5	20.8	2.0	1.8	2.6	2.1
34	Manufacture of motor vehicles, trailers and semi-trailers	-9594	-8.2	43.4	56.2	3.7	3.9	3.7	4.2
23	Manufacture of coke, refined petroleum products and nuclear fuel	-9430	-24.4	7.8	42.5	1.2	1.1	6.9	6.4

continued

	INDUSTRY Sub-branches	Employment variation	Increase as percentage (%)			Employment structure as percentage		Structure of industrial production (%)	
			Employment	Production	Productivity	1992	1996	1990	1996
19	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear	-9030	-10.2	8.3	20.6	2.8	2.9	1.9	1.4
32	Manufacture of radio, television and communication equipment and apparatus	-5740	-23.4	483.7	662.2	0.8	0.7	0.8	1.2
21	Manufacture of paper and paper products	-5306	-15.8	10.7	31.4	1.1	1.0	1.2	1.2
30	Manufacture of office, accounting and computing machinery	-3799	-58.7	12.1	171.5	0.2	0.1	0.5	0.4
37	Recycling	-1775	-22.3	-11.4	14.0	0.3	0.2	0.2	0.4
16	Manufacture of tobacco products	-1058	-13.5	-4.1	10.9	0.22	0.2	0.5	0.7
22	Publishing, printing and reproduction of recorded media	660	2.6	308.5	298.1	0.8	0.9	0.3	1.3
18	Manufactures of wearing apparel; dressing and dyeing of fur	27805	16.1	134.3	101.8	5.4	7.4	3.6	2.4
20	Manufacture of wood and products of wood and cork; except furniture	42064	106.0	-21.0	-61.6	1.3	3.0	1.6	1.9
41	Collection, purification and distribution of water	3317	6.2	89.5	78.4	1.7	2.1	0.2	1.0
40	Electricity, gas, stream and hot water supply	23679	15.4	6.7	-7.6	4.8	6.5	5.0	10.3
	Total industry	-451696	-14.2	25.8	46.6	100	100	100	100

Source: Economical study for Romania - OECD 1998, based on data provided by National commission for Statistics (administrative data for employment

Table A.16 Regional distribution, 1994 – 31 December '94

County	Population 15-64 years old	Employm.	Registered unempl.	Employm. rate	Unempl. rate	Percentage total population in county	Percentage total employ. in county
Total	15 271 472	10 011 600	1 223 925	65.1%	10.9%	100.0%	100.0%
Alba	272 914	194 400	17 082	71.2%	8.1%	1.8%	1.9%
Arad	323 207	205 400	23 126	63.6%	10.1%	2.1%	2.1%
Arges	465 313	310 700	32 841	66.8%	9.6%	3.0%	3.1%
Bacau	495 136	283 400	38 291	57.2%	11.9%	3.2%	2.8%
Bihor	424 606	305 800	23 961	72.0%	7.3%	2.8%	3.1%
Bistrita Nasaud	214 218	128 000	30 558	59.8%	19.3%	1.4%	1.3%
Botosani	293 671	186 600	42 380	63.5%	18.5%	1.9%	1.9%
Brasov	441 605	306 300	24 108	69.4%	7.3%	2.9%	3.1%
Braila	266 731	167 600	18 473	62.8%	9.9%	1.7%	1.7%
Buzau	341 051	215 800	38 747	63.3%	15.2%	2.2%	2.2%
Caras Severin	251 138	158 300	18 352	63.0%	10.4%	1.6%	1.6%
Calarasi	221 856	134 200	10 086	60.5%	7.0%	1.5%	1.3%
Cluj	500 307	362 800	38 789	72.5%	9.7%	3.3%	3.6%
Costanta	519 912	335 500	33 856	64.5%	9.2%	3.4%	3.4%
Covasna	154 292	97 500	9 743	63.2%	9.1%	1.0%	1.0%
Dambovita	369 135	242 200	29 950	65.6%	11.0%	2.4%	2.4%
Dolj	508 248	332 300	55 670	65.4%	14.3%	3.3%	3.3%
Galati	438 690	269 000	39 623	61.3%	12.8%	2.9%	2.7%
Giurgiu	196 954	113 900	12 950	57.8%	10.2%	1.3%	1.1%
Gorj	262 081	208 200	8 555	79.4%	3.9%	1.7%	2.1%
Harghita	230 644	158 200	18 597	68.6%	10.5%	1.5%	1.6%
Hunedoara	380 678	260 800	29 949	68.5%	10.3%	2.5%	2.6%
Ialomita	203 551	125 800	14 692	61.8%	10.5%	1.3%	1.3%
Iasi	540 014	345 300	66 159	63.9%	16.1%	3.5%	3.4%
Maramures	363 659	234 100	23 762	64.4%	9.2%	2.4%	2.3%
Mehedinti	217 537	140 200	11 736	64.4%	7.7%	1.4%	1.4%
Mures	408 009	268 900	38 885	65.9%	12.6%	2.7%	2.7%
Neamt	388 681	243 500	51 052	62.6%	17.3%	2.5%	2.4%
Olt	347 229	214 600	29 261	61.8%	12.0%	2.3%	2.1%
Prahova	597 311	391 400	43 461	65.5%	10.0%	3.9%	3.9%

County	Population 15-64 years old	Employm.	Registered unempl.	Employm. rate	Unempl. rate	Percentage total population in county	Percentage total employ. in county
Satu - Mare	267 107	176 300	16 193	66.0%	8.4%	1.7%	1.8%
Salaj	173 472	111 800	14 710	64.4%	11.6%	1.1%	1.1%
Sibiu	301 984	186 000	26 749	61.6%	12.6%	2.0%	1.9%
Suceava	458 491	303 200	47 256	66.1%	13.5%	3.0%	3.0%
Teleorman	311 033	208 900	23 128	67.2%	10.0%	2.0%	2.1%
Timis	470 378	329 400	25 460	70.0%	7.2%	3.1%	3.3%
Tulcea	182 298	104 600	20 530	57.4%	16.4%	1.2%	1.0%
Vaslui	294 663	184 800	58 764	62.7%	24.1%	1.9%	1.8%
Valcea	291 887	203 700	30 850	69.8%	13.2%	1.9%	2.0%
Vrancea	258 076	170 100	19 925	65.9%	10.5%	1.7%	1.7%
Bucharest	1 623 705	1 092 100	65 665	67.3%	5.7%	10.6%	10.9%

Source: National Commission for Statistics (administrative data)

Table A.17 Regional distribution, 1995 - 31 December '95

County	Population 15-64 years old	Employm.	Registered unempl.	Employm. rate	Unempl. rate	Percentage total population in county	Percentage total employ. in county
Total	15 315 899	9 493 000	998 441	62.1%	9.5%	100.0%	100.0%
Alba	272 406	188 700	13 867	69.3%	6.8%	1.8%	2.0%
Arad	321 561	218 900	11 781	68.1%	5.1%	2.1%	2.3%
Arges	467 329	303 800	23 943	65.0%	7.3%	3.1%	3.2%
Bacau	498 414	285 800	33 632	57.3%	10.5%	3.3%	3.0%
Bihor	424 234	266 100	17 040	62.7%	6.0%	2.8%	2.8%
Bistrita Nasaud	214 941	125 100	22 681	58.2%	15.3%	1.4%	1.3%
Botosani	294 385	175 100	36 306	59.5%	17.2%	1.9%	1.8%
Brasov	445 754	275 600	19 840	61.8%	6.7%	2.9%	2.9%
Braila	267 321	152 400	18 387	57.0%	10.8%	1.7%	1.6%
Buzau	339 922	195 600	30 380	57.5%	13.4%	2.2%	2.1%
Caras Severin	249 262	148 500	16 374	59.6%	9.9%	1.6%	1.6%
Calarasi	221 820	123 200	11 876	55.5%	8.8%	1.4%	1.3%
Cluj	504 257	334 900	34 711	66.4%	9.4%	3.3%	3.5%
Costanta	523 906	308 500	29 276	58.9%	8.7%	3.4%	3.2%

County	Population 15-64 years old	Employm.	Registered unempl.	Employm. rate	Unempl. rate	Percentage total population in county	Percentage total employ. in county
Covasna	155 149	93 400	7 029	60.2%	7.0%	1.0%	1.0%
Dambovita	369 882	225 300	25 335	60.9%	10.1%	2.4%	2.4%
Dolj	507 898	301 700	43 489	59.4%	12.6%	3.3%	3.2%
Galati	442 186	263 200	34 998	59.5%	11.7%	2.9%	2.8%
Giurgiu	194 589	103 800	11 234	53.3%	9.8%	1.3%	1.1%
Gorj	263 143	198 800	8 031	75.5%	3.9%	1.7%	2.1%
Harghita	231 372	151 000	18 316	65.3%	10.8%	1.5%	1.6%
Hunedoara	381 045	252 200	34 423	66.2%	12.0%	2.5%	2.7%
Ialomita	203 553	120 500	11 387	59.2%	8.6%	1.3%	1.3%
Iasi	546 266	342 600	49 939	62.7%	12.7%	3.6%	3.6%
Maramures	364 204	228 600	17 845	62.8%	7.2%	2.4%	2.4%
Mehedinti	217 484	135 400	8 949	62.3%	6.2%	1.4%	1.4%
Mures	408 276	260 400	37 087	63.8%	12.5%	2.7%	2.7%
Neamt	391 464	235 200	49 321	60.1%	17.3%	2.6%	2.5%
Olt	346 618	208 400	19 331	60.1%	8.5%	2.3%	2.2%
Prahova	598 672	382 000	37 793	63.8%	9.0%	3.9%	4.0%
Satu - Mare	266 927	172 500	11 992	64.6%	6.5%	1.7%	1.8%
Salaj	172 423	107 300	12 350	62.2%	10.3%	1.1%	1.1%
Sibiu	303 056	181 500	19 311	59.9%	9.6%	2.0%	1.9%
Suceava	460 313	284 400	38 395	61.8%	11.9%	3.0%	3.0%
Teleorman	307 830	195 500	21 695	63.5%	10.0%	2.0%	2.1%
Timis	475 645	320 500	13 409	67.4%	4.0%	3.1%	3.4%
Tulcea	182 360	112 100	13 788	61.5%	11.0%	1.2%	1.2%
Vaslui	295 535	172 700	30 115	58.4%	14.8%	1.9%	1.8%
Valcea	292 608	193 300	34 572	66.1%	15.2%	1.9%	2.0%
Vrancea	257 878	179 100	16 197	69.5%	8.3%	1.7%	1.9%
Bucharest	1 634 011	969 400	52 016	59.3%	5.1%	10.7%	10.2%

Source: National Commission for Statistics (administrative data)

Table A.18 Regional distribution, 1996 - 31 December '96

County	Population 15-64 years old	Employm.	Registered unempl.	Employm. rate	Unempl. rate	Percentage total population in county	Percentage total employ. in county
Total	15 339 369	9 379 000	657 564	61.6%	6.6%	100.0%	100.0%
Alba	271 927	201 100	9 511	74.0%	4.5%	1.8%	2.1%
Arad	321 158	210 500	5 906	65.5%	2.7%	2.1%	2.2%
Arges	468 798	302 800	15 473	64.6%	4.9%	3.1%	3.2%
Bacau	502 011	295 600	24 251	58.9%	7.6%	3.3%	3.2%
Bihor	424 196	265 400	7 440	62.6%	2.7%	2.8%	2.8%
Bistrita Nasaud	215 302	126 300	11 640	58.7%	8.4%	1.4%	1.3%
Botosani	294 838	180 600	21 190	61.3%	10.5%	1.9%	1.9%
Brasov	448 263	262 900	11 335	58.6%	4.1%	2.9%	2.8%
Braila	267 385	149 600	13 319	55.9%	8.2%	1.7%	1.6%
Buzau	339 135	205 400	16 921	60.6%	7.6%	2.2%	2.2%
Caras Severin	247 569	144 600	12 313	58.4%	7.8%	1.6%	1.5%
Calarasi	220 137	121 600	6 137	55.2%	4.8%	1.4%	1.3%
Cluj	506 336	330 500	29 149	65.3%	8.1%	3.3%	3.5%
Costanta	528 101	302 500	18 162	57.3%	5.7%	3.4%	3.2%
Covasna	156 229	97 700	4 423	62.5%	4.3%	1.0%	1.0%
Dambovita	370 410	221 900	15 918	59.9%	6.7%	2.4%	2.4%
Dolj	505 875	300 200	23 840	59.3%	7.4%	3.3%	3.2%
Galati	443 563	262 300	27 814	59.1%	9.6%	2.9%	2.8%
Giurgiu	192 996	107 900	4 996	55.9%	4.4%	1.3%	1.2%
Gorj	264 475	187 100	4 420	70.7%	2.3%	1.7%	2.0%
Harghita	231 906	151 400	13 232	65.3%	8.0%	1.5%	1.6%
Hunedoara	380 409	259 100	31 212	68.1%	10.8%	2.5%	2.8%
Ialomita	203 847	121 300	7 815	59.5%	6.1%	1.3%	1.3%
Iasi	552 903	331 300	32 543	59.9%	8.9%	3.6%	3.5%
Ilfov	189 534	110 400		58.2%	0.0%	1.2%	1.2%
Maramures	364 713	228 700	6 675	62.7%	2.8%	2.4%	2.4%
Mehedinti	217 411	132 500	6 224	60.9%	4.5%	1.4%	1.4%
Mures	408 395	263 500	23 528	64.5%	8.2%	2.7%	2.8%
Neamt	392 793	237 000	35 754	60.3%	13.1%	2.6%	2.5%
Olt	347 000	205 800	9 449	59.3%	4.4%	2.3%	2.2%

County	Population 15-64 years old	Employm.	Registered unempl.	Employm. rate	Unempl. rate	Percentage total population in county	Percentage total employ. in county
Prahova	598 716	364 400	21 247	60.9%	5.5%	3.9%	3.9%
Satu - Mare	267 406	170 600	8 455	63.8%	4.7%	1.7%	1.8%
Salaj	171 568	110 400	9 206	64.3%	7.7%	1.1%	1.2%
Sibiu	303 897	186 200	14 069	61.3%	7.0%	2.0%	2.0%
Suceava	462 459	284 300	35 386	61.5%	11.1%	3.0%	3.0%
Teleorman	305 840	199 100	13 534	65.1%	6.4%	2.0%	2.1%
Timis	478 540	300 700	7 563	62.8%	2.5%	3.1%	3.2%
Tulcea	182 768	109 100	9 879	59.7%	8.3%	1.2%	1.2%
Vaslui	296 377	176 700	18 922	59.6%	9.7%	1.9%	1.9%
Valcea	292 674	184 600	26 304	63.1%	12.5%	1.9%	2.0%
Vrancea	258 022	174 800	10 606	67.7%	5.7%	1.7%	1.9%
Bucharest	1 443 487	800 600	31 803	55.5%	3.8%	9.4%	8.5%

Source: National Commission for Statistics (administrative data)

Table A.19 Number of vacancies identified by local staff of Ministry of Labour, number of persons mediated and number of persons placed in jobs

1998

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	TOTAL
Vacancies	48582	46345	50160	54911	45510	66725	59649	52810	59022	53604	45376	31852	614546
Persons mediated	70003	75502	75976	79184	74810	76615	77046	73700	75568	77070	75688	70420	901582
Persons placed	30406	38647	46166	51204	43785	43339	39998	34933	39411	35260	31378	22091	456618
Out of which unemployed	9327	13781	21686	27553	24501	19634	14078	13089	15118	14297	11745	7284	192093
Registered Unemployed	920121	961657	953419	933880	907197	883919	871028	848314	857196	894573	940032	1025056	

1997

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	TOTAL
Vacancies	33524	52173	72984	63932	73533	71516	66713	56510	63479	63047	66577	34640	718628
Persons mediated	56999	56250	70346	62917	62535	64450	61809	61990	67171	81227	81816	60821	788331
Persons placed	26144	34800	54250	44835	47952	43431	38954	35380	35375	39368	38107	23293	461889
Out of which unemployed	8581	12982	31634	23138	25772	20817	22068	11348	12585	12818	25200	16051	222994
Registered unemployed	702537	748115	757723	730991	709486	727882	720254	708541	721077	763381	816363	881435	

Source: data provided by the Ministry of Labour and Social Protection

Table A.20 Total population by age group and gender

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Total population (thou)	23 151.6	23 206.7	23 185.1	22 789.0	22 755.3	22 730.6	22 681.0	22 607.6	22 545.9
Yearly change %		0.24	-0.09	-1.71	-0.15	-0.11	-0.22	-0.32	-0.27
Population by age group:									
■ 0-14	5 527.5	5 468.7	5 328.8	5 102.2	4 947.5	4 802.7	4 644.4	4 499.7	4 375.8
■ 15-24	3 737.4	3 853.5	3 974.9	3 993.6	3 847.8	3 801.0	3 785.3	3 797.0	3 792.5
■ 25-54	8 970.1	8 897.9	8 818.7	8 562.2	8 764.9	8 872.9	8 943.5	9 020.0	9 079.9
■ 55-64	2 567.7	2 572.9	2 583.7	2 597.8	2 600.1	2 597.5	2 587.1	2 522.3	2 466.2
■ 15-64	15 275.2	15 324.3	15 377.3	15 153.6	15 212.8	15 271.4	15 315.9	15 339.3	15 338.6
■ over 64	2 348.9	2 413.7	2 479.0	2 533.2	2 595.0	2 656.5	2 720.7	2 768.6	2 831.5
Male population	11422.5	11449.1	11435.3	11213.8	11176	11159	11124	11080	11200
Share in total	49.3	49.3	49.3	49.2	49.1	49.1	49.0	49.0	49.0
Female population	11729.1	11757.6	11749.8	11575.2	11579.3	11571.6	11557	11527.6	11504
Share in total	50.7	50.7	50.7	50.8	50.9	50.9	51.0	51.0	51.0
Proportion of population 0-15 years %	25.5	25.3	24.7	24.2	23.5	22.8	22.2	21.5	20.9
Proportion of population aged 65 years and over	10.1	10.4	10.7	11.1	11.4	11.7	12.0	12.2	12.6
Demographic dependence ratio	51.6	51.4	50.8	50.4	49.6	48.8	48.1	47.4	47.0
Total population (thou)	23151.6	23206.7	23185.1	22789.0	22755.3	22730.6	22681.0	22607.6	22545.9

Source: UNDP Report on Human development 1998 and National Commission for Statistics

Table A.21 Participation rate for the population over 15 years %

		Total population aged 15 years and over	15-24 years	25-34 years	35-4 years	50-64 years	65 years and over
TOTAL							
1996		64.8	49.9	85.6	87.0	57.9	32.5
	Q.1	60.3	46.2	83.8	84.6	50.3	24.4
	Q.2	67.1	50.4	86.3	88.6	62.2	37.8
	Q.3	67.7	53.8	87.3	88.4	61.8	36.6
	Q.4	64.2	49.4	85.1	86.6	57.3	31.2
1997		64.8	48.3	84.8	87.2	59.5	33.8
	Q.1	61.9	45.8	83.5	86.5	54.6	27.2
	Q.2	66.3	48.1	85.6	88.6	62.4	36.6
	Q.3	67.3	52.3	86.3	87.8	62.5	37.8
	Q.4	63.8	47.0	84.0	85.9	58.4	33.6
1998							
	Q.1	61.1	44.2	82.1	84.5	53.9	30.0
	Q.2	65.4	46.8	84.4	86.9	61.2	37.8

Source: Labour Force Survey-

Table A.22 Registered unemployment and ILO unemployment

	ILO unemployed	Registered unemployed	Unemployment rate	
			registered (%)	ILO. (%)
1991		337 440	3.0	
1992		929 019	8.2	
1993		1 164 705	10.4	
1994		1 223 925	10.9	
1995	968 000	998 432	9.5	8.0
1996				
■ quarter1	1 009 000	1 042 963	9.1	9.3
■ quarter2	720 000	862 478	7.6	5.9
■ quarter3	712 000	697 848	6.3	5.8
■ quarter4	723 000	653 876	6.2	6.2

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	ILO unemployed	Registered unemployed	Unemployment rate	
			registered (%)	ILO. (%)
1997				
■ quarter1	753 244	736 125	7.3	6.7
■ quarter2	661 761	722 786	7.2	5.5
■ quarter3	674 372	716 624	7.2	5.5
■ quarter4	736 534	820 393	8.2	6.4
1998				
■ quarter1	820 034	945 065	9.5	7.4
■ quarter2	663 746	908 332	9.1	5.6

Sources: -Labour Force Survey- AMIGO - for ILO unemployment
Registered unemployed calculated based on National Commission for Statistics data (quarterly unemployment considered as the average of monthly values)

Table A23 The ILO unemployment by age group, gender, area and unemployment duration - first quarter 1998

	Q 1 - 1998				persons
Gender Areas Unemployment duration	**ILO unemployed Total**	**Groups of age**			
		15-24 years	**25-34 years**	**35-49 years**	**50 years and over**
TOTAL	*820034*	*348056*	*224133*	*214604*	*31912*
Under 1 month	32514	12719	9320	8449	2026
1-2 months	239526	116984	60311	51369	10408
3-5 months	126226	53328	37153	28215	7530
6-8 months	81088	38272	18720	19808	4288
9-11 months	45465	19463	10255	14298	•
12-17 months	66402	25415	19078	18705	2736
18-23 months	40866	19741	9863	10417	•
24 months and over	187949	62135	59433	62714	3259
Average unemployment duration (months)	16.0	13.6	17.3	19.4	9.5
MALE	*457983*	*184958*	*121126*	*125881*	*25096*
Under 1 month	20776	7857	5078	5815	2026
1-2 months	141114	63088	37018	33271	7285
3-5 months	81507	35063	22417	17391	6635
6-8 months	40495	17728	9366	10148	3253
9-11 months	27153	11792	4830	9713	•

	Q1 - 1998				persons
Gender Areas Unemployment duration	**ILO unemployed Total**	**Groups of age**			
		15-24 years	**25-34 years**	**35-49 years**	**50 years and over**
12-17 months	37047	14045	9876	10786	*
18-23 months	17205	6541	5090	4728	*
24 months and over	92686	28845	27451	34030	2361
Average unemployment duration (months)	14.9	12.4	15.9	18.8	8.8
FEMALE	*362052*	*163098*	*103007*	*88723*	*6816*
Under 1 month	11738	4862	4243	2634	*
1-2 months	98412	53897	23293	18098	3124
3-5 months	44719	18264	14736	10824	*
6-8 months	40593	20544	9354	9660	*
9-11 months	18312	7671	5425	5215	*
12-17 months	29355	11370	9201	7919	*
18-23 months	23661	13200	4773	5688	*
24 months and over	95262	33290	31982	28684	*
Average unemployment duration (months)	17.4	15.0	18.9	20.2	12.2
URBAN	*550138*	*207997*	*150563*	*166265*	*23983*
Under 1 month	23335	8525	4938	7846	2026
1-2 months	136801	59625	35316	34385	6573
3-5 months	75479	28324	22775	19424	4956
6-8 months	53471	21617	11270	17127	3458
9-11 months	34718	13235	8391	12273	*
12-17 months	51954	19926	14161	14662	2736
18-23 months	31059	11792	8979	9443	*
24 months and over	143321	44954	44734	50665	2570
Average unemployment duration (months)	17.3	15.1	18.9	19.6	9.9

	Q 1 - 1998				persons
Gender Areas Unemployment duration	**ILO unemployed Total**	**Groups of age**			
		15-24 years	**25-34 years**	**35-49 years**	**50 years and over**
RURAL	*269897*	*140059*	*73570*	*48339*	*7929*
Under 1 month	9179	4193	4382	*	*
1-2 months	102725	57360	24995	16534	3835
3-5 months	50747	25004	14738	8790	2574
6-8 months	27617	16655	7450	2681	*
9-11 months	10747	6228	*	2655	*
12-17 months	14448	5489	4916	4043	*
18-23 months	9807	7949	*	*	*
24 months and over	44628	17181	14698	12059	*
Average unemployment duration (months)	13.3	11.4	13.9	18.8	8.4

Source: Labour Force Survey - AMIGO

Table A.24 Unemployment by gender, age group and educational level - 1997 (Labour Force Survey)

	15-24	25-34	35-49	50-64	65+	Total	15-24	25-34	35-49	50-64	65+	Total	15-24	25-34	35-49	50-64	65 +	Total
	Males						Females						Total					
University	•	4015	•	•	•	11491	2618	7041	•	•	•	13254	6262	13026	•	•	•	24745
Post Highschool	2067	•	3235	•	•	7452	3145	2127	3537	•	•	9380	5211	2989	6772	•	•	16832
Voc. and Appr. Schools	46933	27433	35004	4957	•	114328	26572	20219	21913	•	•	70082	73505	47652	56917	6251	•	184409
Highschool	51708	27200	13653	•	•	94223	73938	32619	21816	•	•	129246	125646	59820	35469	2534	•	223469
Treapta	18040	12987	4201	•	•	35570	19197	15039	9372	•	•	43748	37237	28026	13572	•	•	79318
Junior Highschool	34365	12614	18709	6335	•	72208	27608	11425	19563	3854	•	62450	61973	24039	38272	10188	•	134658
Primary School	8128	3686	6230	5507	•	23660	4307	•	3288	•	•	10696	12435	4803	9518	7328	•	34356
No schooling	3562	•	•	•	•	5301	2296	•	•	•	•	3389	5858	685	•	•	•	8689
Total	167193	90929	84077	21347	•	364232	160936	90111	81609	9243	•	342246	328129	181040	165686	30590	•	706477

Active population by gender, age group and educational level -1997

	15-24	25-34	35-49	50-64	65+	Total	15-24	25-34	35-49	50-64	65+	Total	15-24	25-34	35-49	50-64	65 +	Total
	Males						Females						Total					
University	15720	115119	256438	114610	4803	510901	17408	13684	199399	63651	•	419745	33128	252013	66965	179212	5480	930646
Post High school	15558	45605	180270	75163	•	318888	23727	35426	110648	33474	•	204182	39284	81031	290918	108637	2270	523070
Voc. and App. Schools	280921	503044	815415	194680	14483	1810037	109425	211041	331890	35779	2099	690510	390346	714086	1147305	230459	16667	2500547
High school	290248	513299	414564	80630	8830	1308663	305767	546896	534160	75502	2449	1466399	596015	1060196	948724	156131	12260	2775061
Treapta	113616	170635	82628	15009	•	383432	110736	189682	120889	11017	•	435547	224352	360319	203518	27336	2139	818979
Gymnazium	266621	133379	340489	375905	155742	1272137	183473	110953	494968	284690	109918	1184001	450093	244332	835456	660596	265661	2456138
Primary School	53249	23007	74056	295279	250318	695908	19897	12502	98749	425247	284804	841199	73146	35511	172805	720525	535120	1537107
No schooling	14771	3086	8457	16743	21830	68495	5847	2080	10669	47532	79445	146453	20618	7835	20945	64274	101275	214948
Total	1050703	1508966	2174136	1168017	466637	6368460	776279	1246356	1901371	979154	484874	5388035	1826983	2755322	4075508	2147172	951511	11756495

Rate of unemployment by gender, age group and educational level -

continue

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Table A.24 Unemployment by gender, age group and educational level – 1997 (Labour Force Survey) (continued)

	15-24	25-34	35-49	50-64	65+	Total	15-24	25-34	35-49	50-64	65+	Total	15-24	25-34	35-49	50-64	65 +	Total
	Males						Females						Total					
University		3.49				2.25	15.04	5.14				3.16	18.90	5.17				2.66
Post High school			1.79			2.34			3.20			4.59	13.26	3.69	2.33			3.22
Voc. and Appr. Schools	16.71	5.45	4.29	2.55		6.32	24.28	9.58	6.60			10.15	18.83	6.67	4.96	2.71		7.37
High schools	17.82	5.30	3.29			7.20	24.18	5.96	4.08			8.81	21.08	5.64	3.74	1.62		8.05
Treapta	15.88	7.61	5.08			9.28	17.34	7.93	7.75			10.04	16.60	7.78	6.67			9.68
Gymnazium	12.89	9.46	5.49	1.69		5.68	15.05	10.30	3.95	1.35		5.27	13.77	9.84	4.58	1.54		5.48
Primary School	15.26	16.02	8.41	1.87		3.40	21.65		3.33			1.27	17.00	13.53	5.51	1.02		2.24
No schooling	24.11					7.74	39.27						28.41	8.74				4.04
Total	15.91	6.03	3.87	1.83		5.72	20.73	7.23	4.29	0.94		6.35	17.96	6.57	4.07	1.42		6.01

Table A.25 The dynamics of graduates who benefited from salary subsidies

	Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Total number of employed graduates	1992	0	0	0	0	0	0	0	0	610	1624	2842	4299
	1993	6626	8975	11111	12641	14578	15895	0	0	0	0	16738	21558
	1994	25714	16984	23284	27155	30491	27090	30592	32219	33274	34141	34729	36610
	1995	37693	10738	12753	13427	15371	16062	17780	20461	20800	24420	24547	26328
	1996	20917	20559	23381	18223	19255	17613	16725	15917	16992	17200	20749	18575
	1997	22445	27262	25354	27887	32430	33038	32974	33602	32947	32788	32756	32625
	1998	21452	26368	12854	17933	19423	17373	18546	20183	21800			
of which: higher education	1992	0	0	0	0	0	0	0	102	442	1214	2034	2835
	1993	3889	4591	6772	7783	9129	9920	0	0	0	0	10306	12037
	1994	13509	4582	5122	6281	7000	5433	6094	6479	6681	6880	6970	7380
	1995	7588	2383	3479	3729	4578	4998	5178	5693	6062	6682	6773	7428
	1996	6068	4589	5182	5230	5639	4620	4892	4573	4772	4800	5902	6053
	1997	7028	8365	8761	9706	10159	10403	10428	10689	10804	10863	10745	10877
	1998	8950	11110	4774	8315	9070	9052	9554	10428	11200			

Source: The Ministry of Labour and Social Protection
Remarks: There are monthly variations of graduates employment (or rather seasonal variations) determined by the period in which a cycle of education ends. This is one of the motives which has kept us from calculating certain annual ratios between the number of employed and the number of graduates. There is non-identity for the same year between the two series of data.

Table A.26 Persons enrolled in (re) training courses, 1991-1997

	1991	1992	1993	1994	1995	1996	1997
TOTAL	12 758	45 640	65 458	45 858	45 298	49 074	61 479
Of which unemployed	10 460	37 432	49 470	25 478	22 794	20 409	16 320
Have finalised the courses	3 663	31 665	49 082	31 330	32 403	34 515	40 391
■ at the request of economic agents	979	2 498	1 982	7 170	8 074	10 099	11 323
■ based on forecasts on labour market evolution	1 697	28 327	45 436	7 044	5 214	5 263	7 372
■ at the request of interested persons	987	840	1 664	17 116	19 115	19 153	21 696
Attending courses	9 017	11 233	11 019	11 648	10 512	14 441	21 046
Have interrupted the courses	1 265	6 970	8 070	6 453	6 030	6 975	5 357

Source: Statistical Breviary on labour and social welfare, MLSP, 1998.

Table A.27 Women and under 25's enrolled in (re)training programmes, April 1991-June 1998 (- in %)

	Women	Youth under 25
Total no. of persons		
■ Covered by the programs	50.8	46.4
■ Finalized programs	50.1	45.1
■ on-going programs	41.6	35.1
Total no. of unemployed		
■ covered by the programs	59.2	61.4
■ finalized programs	59.8	63.3
■ on-going programs	55.2	54.1

**) 1991 - 31st December 1997*
Source: Calculated on the basis of MLSP data.

Table A.28 The situation of (re) training and further training courses by main trades

	1994	1995	1996	1997	1998 (30.03)
Computer operator	-	-	x	X	x
Computer user	-	-	x	X	x
Human resources inspector	-	-	x	X	x
Accountant	x	x	x	X	x
Social worker, average level	-	-	-	X	x
Computer-aided accounting	-	-	x	X	x
Programmer assistant	x	x	x	X	x
Analyst assistant	x	x	x	X	x
Computer data in-put operator	x	x	x	X	x
Secretary-typist	-	-	x	X	x
Textile ready-to-wear worker	x	x	x	X	x
Ready-to-wear worker	x	x	x	X	x
Waiter	x	x	x	X	x
Cook	-	x	x	X	x
Pastry-confectionery chef	-	-	-	X	x
Maintenance and repairs electrician	-	-	x	X	x
Car mechanic	x	x	x	X	x
Tailor	x	x	x	X	x
Hairdresser	-	-	x	X	x
Shop assistant	x	x	x	X	x
Farmer	-	-	-	X	x
Agricultural labourer	-	-	-	X	-
Shoemaker	-	-	-	X	-
Mason	x	x	x	X	-
Reinforced concrete worker	-	-	-	X	-
Joiner	-	x	x	X	-
Plumber (water, gas)	-	-	x	X	-
Electric welder	-	-	-	X	-
Lathe worker	-	-	-	X	x
Universal carpenter	-	-	x	X	x
Stoker	-	-	x	X	-
Baker	-	-	x	-	-
Keeper of public order	x	-	-	-	-

Source: Drawn up on the basis of data provided by the MLSP.

Table A.29 The percentage of unemployed, graduates of (re) training and further training courses on the main trades

% of the total number of graduates

	1994	1995	1996
Accountant	56.7	64.2	30.32
Tailor	81.4	72.8	70.2
Mason	62.1	45.8	37.7
Car mechanic	76.1	80.2	59.2
Keeper of public order	57.1	...	...
Analyst-programmer assistant	66.6	51.3	58.3
Data operator	63.7	57.1	54.4
Waiter	72.5	63.5	37.3
Shop-assistant	58.2	...	...
Ready-to-wear worker	86.4	83.6	...
Stonemason	...	45.8	...
Cook	...	54.3	40.9
Constructions joiner	...	41.8	41.7
Bricklayer-Plasterer	...	...	40.0

Source: Calculated on the basis of MLSP data.

Table A.30 The percentage of unemployed out of the total number of graduates and the employment rate of unemployed who finalised their courses per main trades, 1994--1996

Trades	1994		1995		1996	
	Percentage of unemployed (%)	Employment rate (%)	Percentage of unemployed (%)	Employment rate (%)	Percentage of unemployed (%)	Employment rate (%)
Accountant	56.7	20.6	64.2	45.7	30.3	36.0
Tailor	81.4	34.5	72.8	46.0	70.2	70.4
Mason	62.1	52.1	45.8	57.7	37.7	46.7
Car mechanic	76.1	19.7	80.2	27.9	59.3	61.1
Keeper of public order	57.1	97.4	x	x	x	x
Analyst-programmer	66.6	16.6	51.2	26.1	58.3	38.4
Data operator	63.7	15.8	57.1	34.5	54.4	36.7
Waiter	72.5	25.9	63.5	30.4	37.3	61.4
Shop-assistant	58.2	23.9	x	x	x	X
Ready-to-wear machine operator	86.4	70.1	83.6	76.6	x	X
Cook	x	x	54.3	32.5	40.9	54.7
Constructions joiner	x	x	41.8	67.1	41.7	54.4
Bricklayer-Plasterer	x	x	x	x	40.0	46.7

Source: Calculations based on MLSP data.

Annex 2
Organisation of Education and Training Provision

According to the Law of Education, the system of education in Romania comprises the following levels:

- pre-school education
- compulsory general education:
  - primary school
  - lower secondary school (gymnasium)
- upper secondary education:
  - high school (lyceum)
  - vocational school
  - apprenticeship school
- post-upper secondary education
- higher education
  - short-term university education (college)
  - long-term university education
  - post-graduate training.

Compulsory general education, grades 1-8, includes **primary school** - grades 1-4 - and **lower secondary school (gymnasium)** - grades 5-8. School begins at the age of 7 (6 if the parents so request). In theory, a schoolchild should complete his/her compulsory general education at the age of 15 (by law it is no longer compulsory beyond the age of 16).

Primary schools offer day classes only. The main purpose of their curriculum is to give basic **general knowledge.**

The lower secondary school (gymnasium) generally offers day classes; quite exceptionally, evening or extramural classes are provided for persons who are more than two years past the normal age for a class. Lower secondary school leavers must take a capacity examination and obtain a capacity diploma which allow them admission to upper secondary education. Students will sit for this particular exam for the first time in 1999.

Upper secondary education comprises **high school (lyceum), vocational school and apprenticeship school.**

High school (lyceum) offers four years of day courses (grades 9-12) and five years of evening or extramural courses (grades 9-13). There are specialist high schools where day courses may take five years. **High school education** is open to graduates of compulsory general education who have passed their competence examination.

Appplicants may apply for admission to day-class secondary schools as soon as they graduate from lower secondary school at the age of 14 (15) or within two years of graduation so that no entrant may be over 17 years of age. In principle, the age of high school leavers is 18.

High schools are diversified: theoretical - science and humanistic, art; sports; informatics; pedagogical; technical; economic and administrative; agricultural, forestry; metrology; military; theological. Most high schools operate as separate institutions. There are, however, high schools that also have lower secondary schools and primary schools; still others (technical, economic, agricultural etc.) are part of School Groups which may also include a vocational school, an apprenticeship school, a post-upper secondary school and a foremen's school.

The programme includes practical training classes held in workshops or on school farms in junior years, and in enterprises, on state farms and the like in senior years. Such activities become more extensive in the terminal grades (about 25 per cent).

High school ends in a **graduation examination** (the baccalaureate) which differs according to the school's course programme and the student's options. Holders of this baccalaureate diploma - no matter which secondary school has issued it - may apply for admission to a higher school.

High schools providing speciality training (technical, economic, agricultural, forestry, informatic, metrology) issue their graduates with a **vocational certificate** in addition to the baccalaureate diploma; such a vocational certificate allows school leavers to hold jobs. The graduates of theoretical high schools may be issued with a certificate confirming their skills in shorthand and typing, or librarianship, or translation, or computer operation or any other elective subject. A graduate must pass an examination in the subject concerned, perform a practical test and write a specialised paper to get a vocational certificate. It is in no way conditioned by the baccalaureate diploma.

Graduates of pedagogical high schools who pass their baccalaureate examination may teach in primary schools or kindergartens.

In high schools, every subject is taught by a speciality teacher. **Technological training** is provided by graduates of higher schools of engineering whereas practical training is given by instructors.

Vocational schools offer day and evening courses and operate either separately or as part of School Groups that include high schools, apprenticeship schools and post high school educational units. There are two-to-four year programmes, depending on the specific area of training and its scope. Just like high schools, **vocational schools** can be attended by graduates of compulsory general education who have passed their competence examination. Programmes end in an examination and successful students are issued with skilled worker certificates. Vocational schools may contract training and retraining programmes with businesses and public or private institutions.

Apprenticeship schools operate independently or within groups of schools. Programmes (practical for the most part) are for one to three years, depending on how complex trade skills are. Applicants may include lower secondary school graduates, whether or not they are capacity certificate holders. An end of-programme examination is the basis for the issuance of a skilled worker certificate.

Amendments made to the Education Act allow a better vertical mobility in vocational training and the Ministry of Education has taken the steps required to have qualification acknowledged by equivalent rating of a part of higher education studies from the point of view of professional qualification. This is the case for equivalent rating in vocational and high school education. It allows

graduates of vocational schools to enrol in the 11th grade of high school as well as graduates of complementary or apprenticeship schools to enrol in the 10th grade to the extent of available places and by sitting for equivalent rating exams.

It is the Ministry of National Education which sets up vocational and apprenticeship schools in consultation with relevant labour training institutions; such schools provide special training in: mining and petroleum, electric power and electrical engineering; metallurgy and mechanical engineering; chemical engineering; construction and construction materials; timber industry, transport and telecommunications; food industry, light industry; printing; water management; agriculture and forestry; trade; public catering; small industry, services, etc.

In vocational education, in the graduation year practical training cuts a markedly larger share: 66 per cent. Practical classes for junior students are given in school workshops arranged on school premises, possibly with assistance from a business which takes a direct interest in labour training. In senior classes, where the stress falls on specialisation and skill acquisition, students are given field training in economic units where they are assigned specific tasks. The teaching staff of vocational and apprenticeship schools comprises teachers and foremen qualified as instructors.

Special education enrols disabled pre-schoolers and children with the avowed aim of overcoming their disability to facilitate social integration. Special education course programmes, handbooks and teaching methodologies are designed for the specific kind and severity of the disability or handicap. The special education network includes kindergartens, primary schools, lower secondary schools, vocational schools, high schools and post-upper secondary schools.

Post-secondary education (post high school) include **post high schools** and **foreman schools**. Post-high schools are organised by the Ministry of National Education on its own initiative or on request from businesses. Course programmes may be for one up to three years, depending on how complex the occupation is. The list of subjects is drawn up by the Ministry of National Education jointly with the Ministry of Labour and Social Protection. Whoever requires that a post-upper secondary school be set up or enrolments be made in such schools, should provide financing to the Ministry of National Education on a contract basis. Public post-upper secondary nursing schools are an exception in that they are financed by the Ministry of National Education.

Admission to post-upper secondary schools is applied for by high school leavers with or without a baccalaureate diploma. However, only baccalaureate diploma holders may take an entrance examination to post-upper secondary nursing schools. The main fields in which post-upper secondary education is given include technical, agricultural, transport and telecommunications, trade, nursing. Post-upper secondary education ends in an examination and a certificate is issued to successful students confirming their technician status in the respective field.

Foreman schools are organised in conditions similar to those mentioned for post-upper secondary schools, in addition there is the condition of previous professional experience. These conditions, which refer to a minimum of 8 years experience in the field and the recommendation of the economic agent are stipulated by Law no. 6/1997, called the Foreman's Law.

Higher education is of two kinds - **short-term (3 years)** and **long-term (4-6 years)**; for both kinds, both day and evening or extramural classes are offered. In addition, students may take **post-graduate education** programmes as part of which students may engage in studies or extend them beyond what a bachelor's degree would allow. Enrolment in either higher education programme (short-term or long-term) is applied for by baccalaureate diploma holders. While admission to masters, doctoral or post-academic programmes is contested, enrolment in specialisation or further training courses is on the basis of applications only.

Higher education programmes are provided in the following fields: **university and pedagogical, technical, agricultural, economics, medicine and pharmacy, law, arts.**

Short-term higher education is given in colleges within long-term higher education units (universities) in: **engineering, economics, medicine, academic, sports**. College diploma holders may continue their studies in long-term higher education units if they successfully contest admission to a programme in the same or related field to the one studied in college. Successful contestants are enrolled in the third year of long-term higher education programmes only after they pass their make-up programme examinations. Short-term higher education programmes end in an examination which provides successful candidates with a diploma .

Long-term higher education studies end in an examination for a bachelor's degree. Holders of a bachelor's degree may enrol in a second university programme without having to take an entrance contest.

Enrolments have grown spectacularly in recent years from 164,507 in the 1989-90 academic year to 360,590 in 1997-98 (the latter figure includes enrolments in both public and private education; however, not all private institutions were licensed).

The private education alternative in Romania is best illustrated at higher education level where priorities differ from those of public education. While in public education, technical, university and pedagogical, economics prevail, the priorities of private education are law, economics and pedagogy.

In the 1997-98 academic year, **public education** comprises 57 higher education institutions with 342 faculties and enrolments totalling 249.9 thousand, of which 18.1 thousand in short-term education (colleges).

In the same year, **private education** includes 49 institutions with 174 faculties and 110.7 thousand enrolments, of which 2.9 thousand in short-term education (colleges). There are 160 higher-school students (111 in public education and 49 in private education) in 10,000 inhabitants.

At present, amendments to the Law on Education no. 84/1985 proposed by the Ministry of National Education are under debate in the Parliament of Romania. According to them the structure of the national system of education is the following:

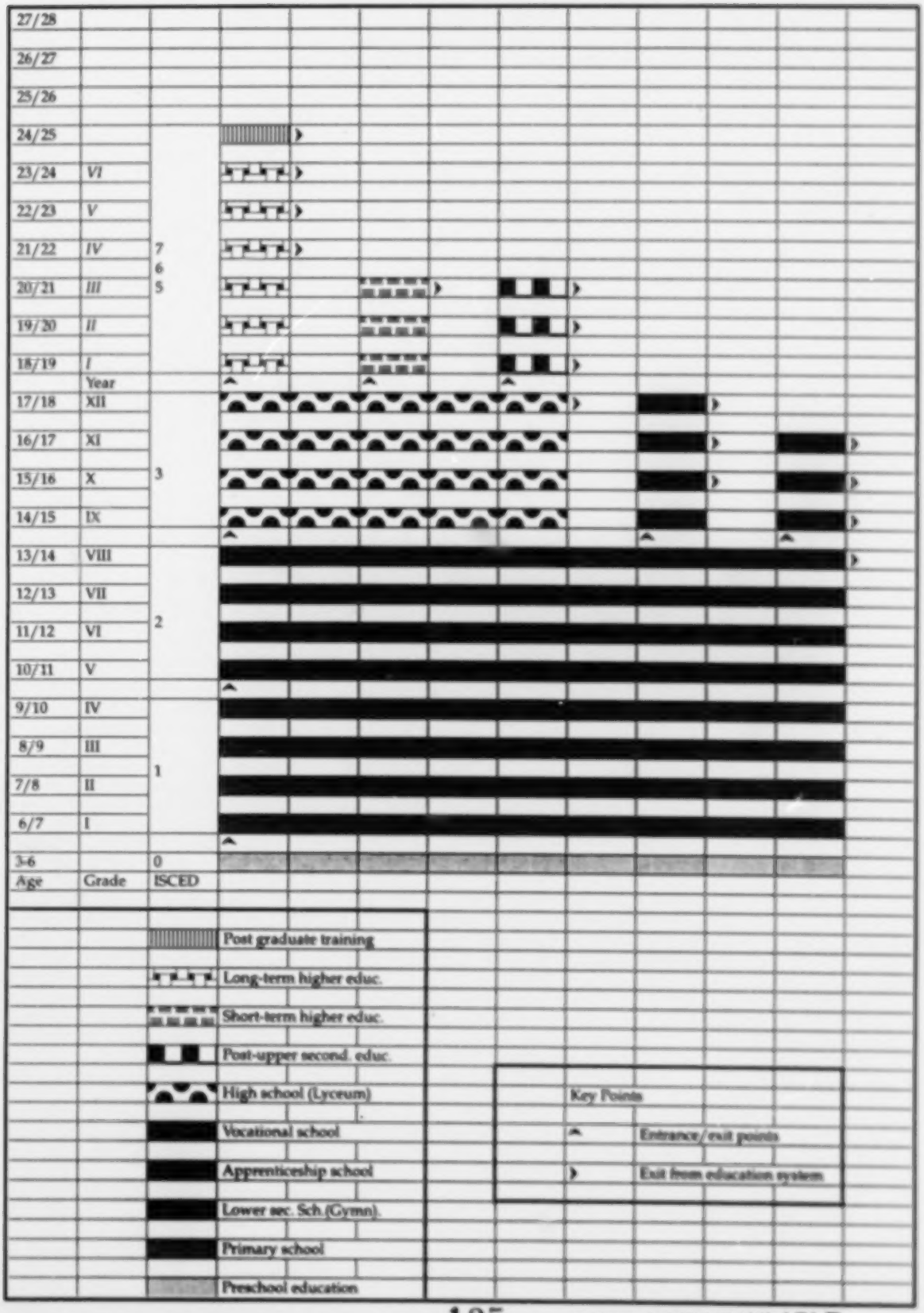
- Pre-school education:
  - Infants I,
  - Infants II,
  - Infants III,
  - Pre-school preparatory grade;
- Primary education (grades I-IV),
- Secondary education:
  - gymnasium - lower secondary education (grades V-IX),
  - high school - upper secondary education (grades X-XII/XIII),
  - vocational education (grades I-II/III):
    - vocational school,
    - apprenticeship school;

- post upper secondary education,
- higher education:
  - university education,
  - post graduate education,
- life-long education.

The Ministry of National Education also proposes:

- extending compulsory general education to 9 grades,
- organising other types of education, in addition to traditional forms (day, evening and part-time courses) such as distance learning,
- admission to upper secondary education based on the National Capacity Exam,
- organising upper secondary education in three directions:
  - theoretical (humanities, sciences),
  - technological (technical, services, exploitation of natural resources and protection of the environment),
  - vocational (military, theological, sports, artistic, pedagogical);
- awarding a Certificate of Vocational Competencies, upon graduation of high school in addition to the baccalaureate diploma (in the case of graduates of specialised schools),
- changes in the content of the National Baccalaureate Exam, and its diversification depending on the direction chosen,
- organising apprenticeship schools, according to the development of the community, at the request of economic agents or other institutions,
- setting up and operation of Center and Cabinets of Psycho-Pedagogical Assistance and Career Guidance in each county,
- adjusting the extent of higher education through the credits system,
- financing public education within the limits of at least 6% of the GDP and the possibility of allotting funds from the state budget and the Ministry of National Education budget for developing disadvantaged areas established by the government.

National education system in Romania



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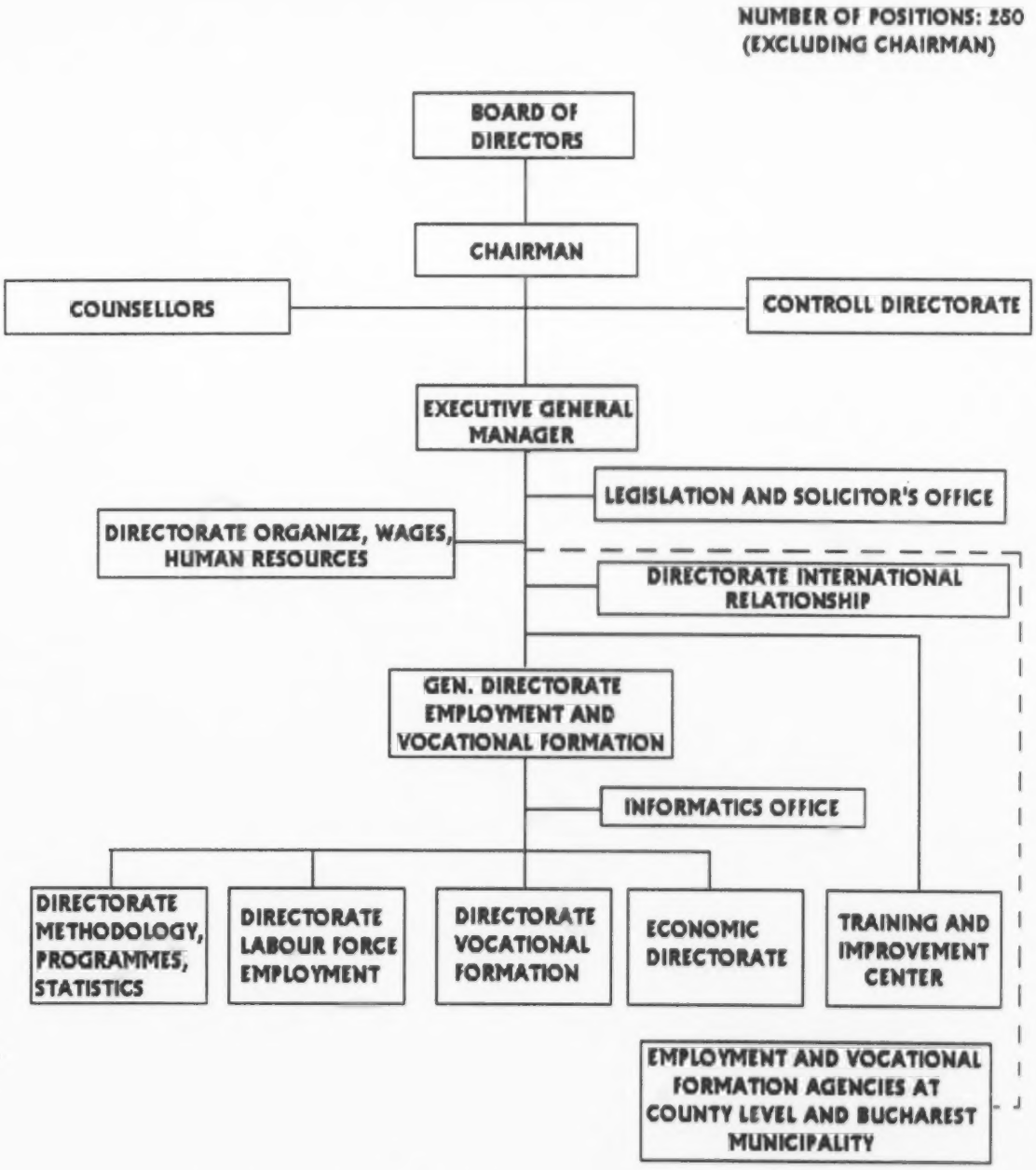
Annex 3

National Agency of Employment and Vocational Training



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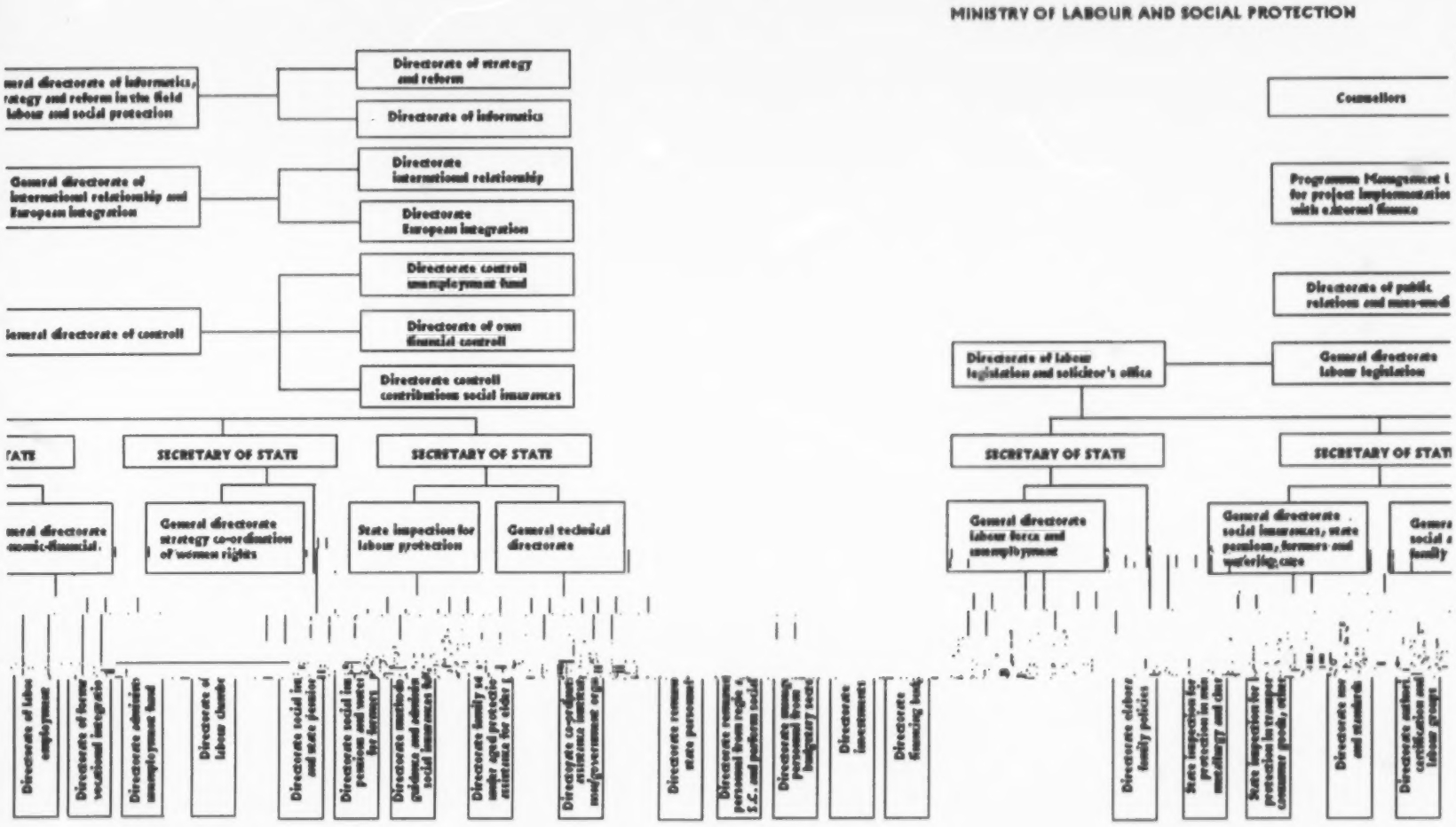
Ministry of Labour and Social Protection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Counsellors
Directorate of labour legislation and solicitor's office
General directorate labour legislation
SECRETARY OF STATE
SECRETARY OF STATE
SECRETARY OF STATE
SECRETARY OF STATE
General directorate strategy co-ordination of women rights
State inspection for labour protection
General technical directorate
General directorate labour force and unemployment
General directorate social insurances, state pensions, farmers and surviving care

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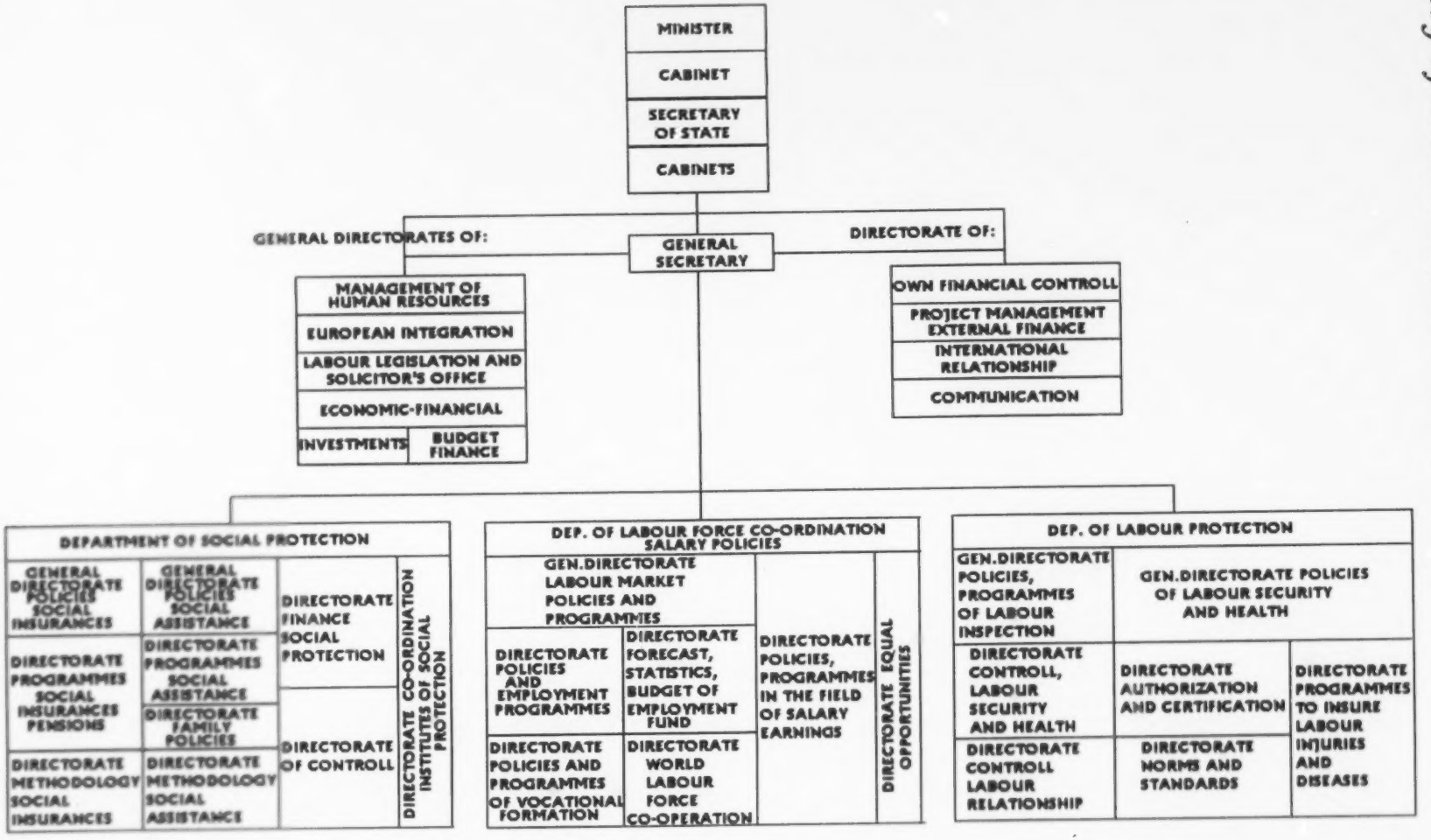
MINISTER
CABINET
SECRETARY OF STATE
CABINETS
GENERAL DIRECTORATES OF:
GENERAL SECRETARY
DIRECTORATE OF:
MANAGEMENT OF HUMAN RESOURCES
EUROPEAN INTEGRATION
LABOUR LEGISLATION AND SOLICITOR'S OFFICE
ECONOMIC-FINANCIAL
INVESTMENTS
BUDGET FINANCE
OWN FINANCIAL CONTROLL
PROJECT MANAGEMENT EXTERNAL FINANCE
INTERNATIONAL RELATIONSHIP
COMMUNICATION
DEPARTMENT OF SOCIAL PROTECTION
GENERAL DIRECTORATE POLICIES SOCIAL INSURANCES
GENERAL DIRECTORATE POLICIES SOCIAL ASSISTANCE
DIRECTORATE FINANCE SOCIAL PROTECTION
DIRECTORATE PROGRAMMES SOCIAL INSURANCES PENSIONS
DIRECTORATE PROGRAMMES SOCIAL ASSISTANCE
DIRECTORATE FAMILY POLICIES
DIRECTORATE OF CONTROLL
DIRECTORATE METHODOLOGY SOCIAL INSURANCES
DIRECTORATE METHODOLOGY SOCIAL ASSISTANCE
DIRECTORATE CO-ORDINATION INSTITUTES OF SOCIAL PROTECTION
DEP. OF LABOUR FORCE CO-ORDINATION SALARY POLICIES
GEN.DIRECTORATE LABOUR MARKET POLICIES AND PROGRAMMES
DIRECTORATE POLICIES AND EMPLOYMENT PROGRAMMES
DIRECTORATE FORECAST, STATISTICS, BUDGET OF EMPLOYMENT FUND
DIRECTORATE POLICIES AND PROGRAMMES OF VOCATIONAL FORMATION
DIRECTORATE WORLD LABOUR FORCE CO-OPERATION
DIRECTORATE POLICIES, PROGRAMMES IN THE FIELD OF SALARY EARNINGS
DIRECTORATE EQUAL OPPORTUNITIES
DEP. OF LABOUR PROTECTION
GEN.DIRECTORATE POLICIES, PROGRAMMES OF LABOUR INSPECTION
GEN.DIRECTORATE POLICIES OF LABOUR SECURITY AND HEALTH
DIRECTORATE CONTROLL, LABOUR SECURITY AND HEALTH
DIRECTORATE AUTHORIZATION AND CERTIFICATION
DIRECTORATE PROGRAMMES TO INSURE LABOUR INJURIES AND DISEASES
DIRECTORATE CONTROLL LABOUR RELATIONSHIP
DIRECTORATE NORMS AND STANDARDS

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Annex 4
Regulations regarding unemployment

According to Law no.1/1991(re-published in 1994) the term unemployed (registered as such), entitled to unemployment benefit and other forms of social protection as well as support for vocational (re)integration through training, re-training and further training, covers: "persons fit for work but who cannot be employed from lack of available jobs appropriate to their qualification" (art.1). They include:

- Persons whose labour contract was interrupted at the initiative of the employer according to the provisions in the Labour Code (art.113, par.1, letter a) or persons who lost their membership in the handicraft co-operative societies for reasons they could not be blamed for;
- Persons whose labour contract was interrupted at the initiative of the employer if a court of law has ruled that the measure was illegal or the innocence of the respective person has been proved yet it is no longer possible for the person to be re-employed at that particular company;
- Persons whose labour contract has been interrupted at their own initiative for reasons which, according to the law, do not discontinue their length of service when they are re-employed;
- Persons employed with a labour contract for an unlimited period (LCUP);
- School graduates, minimum 18 years old, who do not have their own source of income reaching at least 50% of the minimum gross base salary at country level and who have not found a job within 60 days after graduation;
- Young men who have not been employed with labour contract before military service;
- Graduates of special schools for handicapped people who have no job;
- Natural persons authorised to exercise an individual activity and members of family associations if they have contributed to setting up the unemployment fund for a period of 12 months within the 2 years previous to the registration of their application, if they have wound up their business.

Severance payments

Persons who have been laid-off as a result of collective layoffs induced by the implementation of restructuring, privatisation or liquidation programmes of state owned units and entitled to receive compensatory payments as following:

- 6 average net salaries by economy in case of a length of service less than 5 years;
- 9 average net salaries by economy in case of a length of service between 5-15 years;
- 12 average net salaries by economy in case of a length of service over 15 years.

The amount could be increased by 3 salaries if the beneficiary practises a special trade, profession or lives in an area with an unemployment ratio of at least 12% or where the number of vocational activities is limited.

The compensations are paid as monthly instalments or as a lump sum if the beneficiary uses the money to set up a company, family association or to run a business on his own, acquisition or association, in order to purchase implements, buy shares.

The compensation benefits have been introduced starting with the second half of 1997 in order to facilitate the process of restructuring and privatisation of heavy industry. This measure has also a discriminatory character, not including all types of enterprises (private companies may not benefit).

Expenditures that can be made from the unemployment fund

The revenues and expenditures financed from the unemployment fund have to be approved by Parliament on a yearly basis. Acording to article 22 and 23 (Law no. 1/1991) payments can be made for:

a) unemployment benefit and support allowance;

b) costs related to the administration of the Fund;

c) expenses for training, requalification and improvement of unemployed people, those who are recipients of unemployment benefits, professional integration and support allowance;

d) a share up to 10% from the Fund interest and from incomes of labour offices, training and requalification centres, for their development, building maintenance and other fixed assets, personnel expenditures;

e) providing "soft" loans to businesses, with an interest rate of 50% of the official discount of the Romanian National Bank made up for bank deposit in order to set up and develop small and medium-sized enterprises or co-operatives with no more than 200 employees to create new jobs, especially for unemployed people.

f) covering expenses for compensatory payments to employees who have been laid off due to mass lay-offs caused by restructuring programmes, privatisation, liquidation of state owned companies;

g) expenses for the achievement of active measures to alleviate unemployment;

h) payments of professional integration allowances (subsidies paid to natural and legal persons which hire graduates);

i) expenses for requalification of graduates hired by legal persons.